

FORM NO.CAA. 2
BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
KOLKATA BENCH

CA (CAA) No.1378/KB/2019

In the matter of:

The Companies Act 2013;

And

In the matter of:

An application under Sections 230 to 232 of the Companies Act 2013;

And

In the matter of:

The Companies (Compromises, Arrangements and Amalgamations) Rules 2016

And

In the matter of:

Merino Exports Private Limited (CIN: U70101WB1988PTC044285), a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020

And

Merino Properties Private Limited (CIN: U45400WB2019PTC229906), a company incorporated under the provisions of the Companies Act, 2013 and having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020

And

Merino Services Limited (CIN: U51109WB1993PLC058257), a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020

And

Merino Consulting Services Limited (CIN: U74999WB2019PLC230560), a company incorporated under the provisions of the Companies Act, 2013 and having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020

And

Merino Panel Products Limited (CIN: U20299WB1994PLC064386), a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020

And

Merino Industries Limited (CIN: U51909WB1965PLC026556), a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020

... Applicants.

NOTICE CONVENING MEETING OF THE UNSECURED CREDITORS OF MERINO INDUSTRIES LIMITED

To,
The Unsecured Creditors of:
Merino Industries Limited

NOTICE is hereby given that by an order dated the 6th day of December, 2019, the National Company Law Tribunal, Kolkata Bench has directed a meeting to be held of the Unsecured Creditors of Merino Industries Limited (hereinafter referred to as "MIL") for the purpose of considering, and, if thought fit, approving with or without modification, the proposed Composite Scheme of Arrangement between Merino Exports Private Limited ("MEXPL"), Merino Properties Private Limited ("MPL"), Merino Services Limited ("MSL"), Merino Consulting Services Limited ("MCSL"), Merino Panel Products Limited ("MPPL") and MIL and their respective shareholders and creditors ('the Scheme of Arrangement').

In pursuance of the said order and as directed therein further notice is hereby given that a meeting of the Unsecured Creditors of MIL will be held at The Conference Hall, Academy of Fine Arts, 2, Cathedral Road, Kolkata 700 071 on Thursday, the 20th day of February, 2020 at 3.30 P.M. at which time and place the said unsecured creditors of MIL are requested to attend.

Copies of the said Scheme of Arrangement and of the Statement under Section 230 can be had free of charges at the registered office of MIL at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata-700020 or at the office of their Advocates, M/s. Khaitan & Co, Advocates, 1B Old Post Office Street, Kolkata- 700 001.

Persons entitled to attend and vote at the said meeting, may vote in person or by proxy, provided that all proxies in the prescribed form are deposited at the registered office of MIL, as aforesaid not later than 48 hours before the meeting.

Form of Proxy can be had at the registered office of MIL.

The Tribunal has appointed Mr. Shashi Agarwal as Chairperson of the said meeting and Ms Sudarshana Dutta as the Scrutinizer of the said meeting. The above mentioned Composite Scheme of Arrangement, if approved at the meeting, will be subject to the subsequent approval of the Tribunal.

Dated this 6th day of January 2020.

sd/- Shashi Agarwal
CHAIRPERSON APPOINTED FOR THE MEETING

Drafted by
sd/-
(Trivikram Khaitan)
Khaitan & Co LLP
Advocates for the Applicants
1B, Old Post Office Street
Kolkata 700 001.
Mobile: +91 98310 54943
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NOTES:

1. Explanatory Statement pursuant to Section 102 and Section 230(3) of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in respect of special business set out above is annexed hereto.
2. Unsecured Creditors of MIL entitled to attend and vote at the meeting are entitled to appoint a proxy to attend and vote in their place. Proxy form is enclosed with the Notice. The Form of Proxy duly completed should, however, be deposited at the Registered Office of MIL not less than 48 hours before the commencement of the meeting. All alterations made in the Form of Proxy should be initialled.
3. The form of proxy can be obtained free of charge from the registered office of MIL.
4. The Unsecured Creditors of MIL or his / their proxy are requested to bring copy of the notice to the meeting and produce the attendance slip (enclosed with this Notice) duly completed and signed at the entrance of the meeting venue.
5. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, an unsecured creditor would be entitled to inspect the proxies lodged at any time during the business hours of MIL.
6. Unsecured Creditors who are body corporates and who send their representative to attend the meeting are requested to send a certified true copy of the Board resolution or letter of authority to MIL, authorizing the representative to attend and vote at the meeting.
7. The quorum of the said meeting shall be 10 (ten) Unsecured Creditors of MIL present in person.
8. The value of votes shall be reckoned from the list and value of unsecured creditors of MIL as appearing in the books of MIL as on 31st March, 2019.
9. A copy of the Scheme of Arrangement, Explanatory Statement and Proxy Form may also be obtained from the Registered Office of MIL and from our Advocates, Khaitan & Co LLP, 1B, Old Post Office Street, Kolkata – 700 001.
10. An unsecured creditor of MIL or his proxy, attending the meeting, is requested to bring the Attendance Slip duly completed and signed.
11. The Composite Notice for Tribunal Convened Meeting shall be advertised, in two local newspapers viz. “Business Standard” in English language and translation thereof in “Āajkal” in Bengali language, both circulated in Kolkata.

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
KOLKATA BENCH**

CA (CAA) No.1378/KB/2019

In the matter of:

The Companies Act 2013;

And

In the matter of:

An application under Sections 230 to 232 of the Companies Act 2013;

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In the matter of:

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In the matter of:

Merino Exports Private Limited (CIN: U70101WB1988PTC044285), a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020

And

Merino Properties Private Limited (CIN: U45400WB2019PTC229906), a company incorporated under the provisions of the Companies Act, 2013 and having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020

And

Merino Services Limited (CIN: U51109WB1993PLC058257), a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020

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Merino Consulting Services Limited (CIN: U74999WB2019PLC230560), a company incorporated under the provisions of the Companies Act, 2013 and having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020

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And

Merino Industries Limited (CIN: U51909WB1965PLC026556), a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020

... Applicants

Statement under Section 230(3) and 102 of The Companies Act, 2013 read with Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

- I. Pursuant to the order dated the 6th day of December, 2019 passed by the Hon'ble National Company Law Tribunal, Kolkata Bench ("Tribunal"), the accompanying notice has been sent for convening the meetings of the Equity Shareholders of Merino Exports Private Limited ("MEXPL"), Merino Services Limited ("MSL"), Merino Panel Products Limited ("MPPL") and Merino Industries Limited ("MIL"), Secured Creditors of MSL, MPPL and MIL and Unsecured Creditors of MEXPL, MSL, MPPL and MIL for the purpose of considering and, if thought fit, approving with or without modifications, the proposed composite Scheme of Arrangement between MEXPL, Merino Properties Private Limited ("MPL"), MSL, Merino Consulting Services Limited ("MCSL"), MPPL and MIL and their respective shareholders and creditors. A copy of the Scheme of Arrangement, which has been approved by the respective Board of Directors of the Applicant Companies is enclosed as **Annexure 1**.
- II. The Tribunal has directed the meeting of the Unsecured Creditors of MIL to be held on Thursday, the 20th day of February, 2020 at 3:30 P.M. at The Conference Hall, Academy of Fine Arts, 2, Cathedral Road, Kolkata 700 071.

III. DETAILS OF THE APPLICANT COMPANIES:

1. MERINO EXPORTS PRIVATE LIMITED ("MEXPL")

- (i) **CIN No.:** U70101WB1988PTC044285
- (ii) **PAN No.:** AABCM5670N
- (iii) **Date of Incorporation:** 29 April, 1988.
- (iv) **Type of Company:** Private limited company.
- (v) **Registered office and e-mail address:** 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020; e-mail: merinokol@merinoindia.com
- (vi) **Summary of Main Object as per the Memorandum of Association and the main business carried on by MEXPL:**

"III. A.1. To carry on the business in real estate and purchase, sell, develop, take in exchange, or on lease, hire or otherwise acquire, whether for investment or sale or working the same any real or personal estate including lands, mines, building, factories, mill, houses, cottages, shops, depots, warehouses, machinery, plant, stock in trade, mineral rights, concessions, privileges, licenses, easement or interest in or with respect to any property or interest in or with any property whatsoever for the purpose of the company in consideration for a gross sum or rent or partly in one way and partly in other or for any other consideration and to carry on the business of information technology enabled services and also to carry on the business as proprietors of flats and buildings and to let on lease or otherwise apartments therein and to provide for the conveniences commonly provided in flats, suites and residential and business quarters."

At present, MEXPL is engaged in the business of investing in shares and securities, providing finance and holding of immovable properties.

(vii) **Details of change of name, registered office and objects of MEXPL during the last five years:**

There has been no change in the name, registered office and objects of MEXPL in the last five years.

(viii) **Listing:**

The shares of MEXPL are not listed with any stock exchange.

(ix) **Details of the capital structure of MEXPL:**

The Authorised Share Capital of MEXPL is Rs. 12,00,000/- divided into 1,20,000 equity shares of Rs. 10/- each. The Issued Share Capital of MEXPL is Rs. 9,46,960/- divided into 94,696 equity shares of Rs.10/- each. The Subscribed and Paid up Share Capital of MEXPL is Rs.6,31,420/- divided into 63,142 equity shares of Rs.10/- each after buy back of 31,554 equity shares of Rs.10/- each by the Company.

(x) Names of the promoters and directors along with their addresses:

Name of Promoters/directors	Designation	Address
Sri Prasan Lohia	Director	4th floor, 3, Mayfair Road, Kolkata 700 019
Miss. Ruchira Lohia	Director	Kasturi Bai Cold Storage Compound, Buland Shahar Road, Hapur 245101, Uttar Pradesh
Sri Rup Chand Lohia	Director	4th floor, 3, Mayfair Road, Kolkata 700 019
Sri Manoj Lohia	Director	633, Kasturi Chhaya, 11th Main, HAL Second Stage, Indira Nagar, Bangalore 560 038, Karnataka.
Sri Pritam Bose	Director	Rabindra Pally Nonachandan Pukur, North 24 Parganas Kolkata 700122, West Bengal

2. MERINO PROPERTIES PRIVATE LIMITED ("MPL")

i) **CIN No.:** U45400WB2019PTC229906

ii) **PAN No.:** AAMCM3731F

iii) **Date of Incorporation:** 17 January 2019.

iv) **Type of Company:** Private limited company.

v) **Registered office and e-mail address:** 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020; e-mail: merinokol@merinoindia.com

vi) **Summary of Main Object as per the Memorandum of Association and the main business carried on by MPL:**

"3 (a) 1. To carry on the business in real estate and purchase, sell, develop, take in exchange, or on lease, hire or otherwise acquire, whether for sale, or working the same any real or personal, estate including lands, mines, building, factories, mill, houses, cottages, shops, depots, warehouses, machinery, plant, stock in trade, mineral rights, concessions, privileges, licenses, easement or interest in or with respect to any property or interest in or with any property whatsoever for the purpose of the company in consideration for a gross sum or rent or partly in one way and partly in other or for any other consideration and also to carry on the business as proprietors of flats and buildings and to let or lease or otherwise apartments therein and to provide for the conveniences commonly provided in flats, suites and residential and business quarters.

2. To purchase or sell for any person, freehold or other house property, buildings or lands or any share or shares or interests therein and to transact on commission or otherwise the general business of land agent and estate agents and to act as consultants, advisors, surveyors and assessors, representation and agents, commission, transfer agents.

3. To carry on the business of trading on plywood, laminates, panel products, cement tiles, aluminium and other materials relating to real estate products.”

MPL has been incorporated for the purposes of undertaking the business of real estate and trading on plywood, laminates, panel products, cement, tiles, aluminium and other materials and products relating to real estate.

vii) **Details of change of name, registered office and objects of MPL during the last five years:**

MPL was incorporated on 17 January 2019 and there has been no change in the name and registered office of MPL since incorporation. The object clause of MPL was amended by insertion of sub-clause 3 in Clause 3(a) of its Memorandum of Association on 13th June, 2019.

viii) **Listing:**

The shares of MPL are not listed with any stock exchange.

ix) **Details of the capital structure of MPL:**

The Authorised Share Capital of MPL is Rs.1,00,000/- divided into 10,000 Equity Shares of Rs 10/- each. The Issued, Subscribed and Paid up Share Capital of MPL is Rs.1,00,000/- divided into 10,000 Equity Shares of Rs 10/- each, fully paid up.

x) **Names of the promoters and directors along with their addresses:**

Name of Promoters/directors	Designation	Address
Shri Prakash Lohia	Director	House no.2189, Buland Shahar Road, Avs Vikas, Hapur, Ghaziabad, Uttar Pradesh 245101.
Shri Prasan Lohia	Director	4th floor, 3, Mayfair Road, Kolkata 700 019
Miss. Ruchira Lohia	Director	Kasturi Bai Cold Storage Compound, Buland Shahar Road, Hapur 245101, Uttar Pradesh
Shri Bikash Lohia	Director	H.No.44, Road no.78, Punjabi Bagh, New Delhi 110 026.

3. MERINO SERVICES LIMITED (“MSL”)

i) **CIN No.:** U51109WB1993PLC058257

ii) **PAN No.:** AADCM1372K

iii) **Date of Incorporation:** 26 day of March 1993.

iv) **Type of Company:** Public limited Company.

v) **Registered office and e-mail address:** 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020; e-mail: merinokol@merinoindia.com

vi) **Summary of Main Object as per the Memorandum of Association and the main business carried on by MSL:**

“III. A. 1. To acquire and take over as a going concern, the business of general consultancy and services now carried on by M/s. Lohia Group Services at its Head Office at 5 Alexandra Court, 60/1, Chowringhee

Road, Calcutta 700 020 and at its Branch at Bulandshahar Road, Hapur, Dist. Gaziabad, U.P. with all its assets, rights, benefits, titles, interests, privileges, licences, debts, liabilities and obligations of the Firm in connection therewith and with a view thereto enter into an agreement and to carry on the same business in effect with or without modifications.

2. To carry on the business or vocation of acting as advisers and consultants on all matters and problems relating to the technical, industrial, civil, commercial, administration, investment, finance and organization, electronic data processing and computer centre, management, commencement or expansion of industry, purchasing techniques and business (including construction of plants and buildings), production, purchases, sales, material and cost control, marketing, advertisement, publicity, legal, direct and indirect taxation, consulting engineers, work study, operational research, computer service bureau, market surveyors, project engineers, quality control and efficiency exports, personnel, labour, export and import to and for institutions, concerns, bodies, associations (incorporated or unincorporated), departments and services of the government, public or local authorities, trusts, scientific research and development centres and to be appointed as technical, financial, industrial, administration, civil consultants, including rendering of services on market research, product identification, product planning, investment planning, patenting and copyright registration, company formation and corporate matters, syndication of finance and flotation of shares and debentures, collaboration and allied matters.”

At present MSL is engaged in the business of developing and providing Software and IT related services.

vii) **Details of change of name, registered office and objects of MSL during the last five years:**

There has been no change in the name, registered office and objects of MSL in the last five years.

viii) **Listing:**

The shares of MSL are not listed with any stock exchange.

ix) **Details of the capital structure of MSL:**

The Authorised Share Capital of MSL is Rs.25,00,000/- divided into 2,50,000 Equity Shares of Rs 10/- each. The Issued Share Capital of MSL is Rs.17,01,000/- divided into 1,70,100 Equity Shares of Rs.10/- each. The Subscribed and Paid up Share Capital of MSL is Rs. 15,70,480/- divided into 1,57,048 Equity Shares of Rs.10/- each, fully paid up.

x) **Names of the promoters and directors along with their addresses:**

Name of Promoters/directors	Designation	Address
Shri Prakash Lohia	Director	House no.2189, Buland Shahar Road, Avas Vikas, Hapur, Ghaziabad, Uttar Pradesh 245101.
Shri Prasan Lohia	Director	4th floor, 3, Mayfair Road, Kolkata 700 019
Shri Bikash Lohia	Director	H.No.44, Road no.78, Punjabi Bagh, New Delhi 110 026.
Miss Ruchira Lohia	Director	Kasturi Bai Cold Storage Compound, Buland Shahar Road, Hapur 245101, Uttar Pradesh
Shri Deepak Lohia	Director	H.No.44, Road no.78, Punjabi Bagh, New Delhi 110 026.
Shri Asok Kumar Parui	Director	42, Banerjee Para Street, Uttarpada, Hooghly 712258, West Bengal.
Shri Prasun Basu	Director	39/S, MLM Garden Lane, Konnagar, Hooghly 712235, West Bengal.

4. MERINO CONSULTING SERVICES LIMITED (“MCSL”)

- i) **CIN No.:** U74999WB2019PLC230560
- ii) **PAN No.:** AAMCM4684P
- iii) **Date of Incorporation:** 20 February 2019.
- iv) **Type of Company:** Public limited Company.
- v) **Registered office and e-mail address:** 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020; e-mail: merinokol@merinoindia.com
- vi) **Summary of Main Object as per the Memorandum of Association and the main business carried on by MCSL:**

“III (a) To carry on the business of legal consultants and advisers (in India and overseas) to individuals, firms, commercial enterprises, companies, corporations, government, semi-government, local social or other organizations on technical, industrial, commercial, marketing, legal taxation costing, accounting, personnel (including selection of personnel), industrial, relation, company law, excise, customs, import and export, management matters and to undertake the work of preparing feasibility reports, detailed project exports, techno-economic reports, survey and site selection, designing, testing and/or furnishing process, knowhow, plant and/or product designs, preparing, submitting tenders, supervision and execution of all architectural, engineering and installation aspects of works pertaining to buildings, structures, plants, machinery and equipment and to assist and advise or purchase, sale, supply or erection of plant, machinery, buildings and equipment.

To render consultancy and advisory services in the fields of management, secretarial, legal, administrative including economic, industrial and taxation.”

MCSL has been incorporated for the purpose of carrying on the business of development and rendering of IT software and IT enabled services.

- vii) **Details of change of name, registered office and objects of MCSL during the last five years:**

MCSL was incorporated on 20 February 2019 and there has been no change in the name, registered office and objects of MCSL since incorporation.

- viii) **Listing:**

The shares of MCSL are not listed with any stock exchange.

- ix) **Details of the capital structure of MCSL:**

The Authorised Share Capital of MCSL is Rs.1,00,000/- divided into 10,000 equity shares of Rs. 10/- each. The Issued, Subscribed and Paid up Share Capital of MCSL is Rs.1,00,000/- divided into 10,000 equity shares of Rs. 10/- each, fully paid up.

- x) **Names of the promoters and directors along with their addresses:**

Name of Promoters/directors	Designation	Address
Shri Prakash Lohia	Director	House no.2189, Buland Shahar Road, Avs Vikas, Hapur, Ghaziabad, Uttar Pradesh 245101.
Shri Prasan Lohia	Director	4th floor, 3, Mayfair Road, Kolkata 700 019
Miss. Ruchira Lohia	Director	Kasturi Bai Cold Storage Compound, Buland Shahar Road, Hapur 245101 Uttar Pradesh
Shri Bikash Lohia	Director	H.No.44, Road no.78, Punjabi Bagh, New Delhi 110 026.

5. MERINO PANEL PRODUCTS LIMITED (“MPPL”)

- i) **CIN No.:** U20299WB1994PLC064386
- ii) **PAN No.:** AABCM5672Q
- iii) **Date of Incorporation:** 8 August, 1994.
- iv) **Type of Company:** Public limited Company.
- v) **Registered office and e-mail address:** 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020; e-mail: merinokol@merinoindia.com
- vi) **Summary of Main Object as per the Memorandum of Association and the main business carried on by MPPL:**

“III A. 1. To carry on the business of and to manufacture, research, develop, design, assemble, import, export, sell, stock, trade, service, repair, overhaul, collaborate, participate in joint venture in India and abroad for the business of or for dealing in all types of plywood, particle board, medium density fibre board, gypsum board, wafer board, hard board or boards of any type whether based on agro and non-agro substance and material, teak ply, veneer, timber including sawn timber, block board, flush door, door skins of any type, door frames, window, window frames, tea chests including metal fittings, battens, bobbins, shuttles, looms, loom parts, moulds and other wooden parts of textile mills, packing boxes, wooden crates, wooden toys, knocked-down furniture and ready-to-fix furniture including fittings, high pressure decorative laminates, low pressure laminates of any type, industrial laminates of any type, whether decorative or not, backer board, liner board, wooden furniture, whether naked or laminated, steel furniture and cane furniture and to act as decorators, builders and to manufacture and deal in furniture and fittings, to act as interior decorators, motor body builders, to manufacture commercial and industrial furniture and fittings, implements and tools of all description and to provide consultancy in total furniture and interior infrastructure solutions.

2. To carry on the business of development, implementation of application software, maintenance of application software, system software, database, provision of customized and standard software to clients, imparting training to students and clients for application software, customized and standard software solutions, consultancy, survey, designing, turnkey engineering of all types of services including sales and installation of computers, networking hardware, to act as agents for local as well as foreign suppliers of computer software and hardware of all types including microprocessors, networking equipment, peripheral instruments and other accessories relating to software and services, outsourcing manpower related to information technology business to various clients, selling standard software and customized software as per needs of the clients, and providing and carrying out business process support whether information technology based or otherwise, website development and to do research in computer software and hardware and all information technology related matters.

3. To carry on the business of and to manufacture, research, design, develop, assemble, import, sell stock, trade, export, analyse, formulate, synthesize, collaborate, joint venture in India and abroad and otherwise deal in all types of Formaldehyde, melamine, synthetic resins, synthetic rubber, carbon black, rubber latex, plastic and plastic resins and all types of adhesive and bonding materials, dyes and dyes intermediate, calcium carbide, ethyl alcohol, synthetic chemicals.”

At present MPPL is engaged in the business of manufacture and sale of decorative laminates, panel boards and other related activities.

vii) **Details of change of name, registered office and objects of MPPL during the last five years:**

There has been no change in the name, registered office and objects of MPPL in the last five years.

viii) **Listing:**

The shares of MPPL are not listed with any stock exchange.

ix) **Details of the capital structure of MPPL:**

The Authorised Share Capital of MPPL is Rs. 2,75,00,000/- divided into 27,50,000 equity shares of Rs. 10/- each. The Issued, Subscribed and Paid up Share Capital of MPPL is Rs.2,00,00,000/- divided into 20,00,000 equity shares of Rs. 10/- each, fully paid up.

x) **Names of the promoters and directors along with their addresses:**

Name of Promoters/directors	Designation	Address
Shri Champa Lal Lohia	Director	44/78, Punjabi Bagh, New Delhi 110026.
Shri Rup Chand Lohia	Director	4th floor, 3, Mayfair Road, Kolkata 700 019
Shri Prakash Lohia	Director	House no.2189, Buland Shahar Road, Avas Vikas, Hapur, Ghaziabad, Uttar Pradesh 245101.
Shri Asok Kumar Parui	Director & Company Secretary	42, Banerjee Para Street, Uttarpara, Hooghly 712258, West Bengal.
Shri Deepak Lohia	Whole-time Director	H.No.44, Road no.78, Punjabi Bagh, New Delhi 110 026.
Shri Anil Jajoo	Director	44/2/27, Jheel Road, Santoshpur, Kolkata 700 075.
Shri Manoj Lohia	Whole-time Director	633, Kasturi Chhaya, 11th Main, HAL Second Stage, Indira Nagar, Bangalore 560038, Karnataka.
Miss. Ruchira Lohia	Director	Kasturi Bai Cold Storage Compound, Buland Shahar Road, Hapur 245101, Uttar Pradesh
Dr. Gautam Bhattacharjee	Independent Director	Panchajanya, 4th floor, 25/59, Prince Golam Md. Shah Road, Golf Gardens, Kolkata 700 095, West Bengal
Shri Sisir Kumar Chakrabarti	Independent Director	Flat no.212, Darpan, 50A, Purna Das Road, Kolkata 70029
Shri Bikash Lohia	Director	H.No.44, Road no.78, Punjabi Bagh, New Delhi 110 026.
Shri Bama Prasad Mukhopadhyay	Independent Director	46/1, Ramesh Mitra Road, Kolkata 700 025, West Bengal
Shri Anurag Lohia	Whole-time Director	44/78, Punjabi Bagh, New Delhi 110 026.

6. MERINO INDUSTRIES LIMITED (“MIL”)

- i) **CIN No.:** U51909WB1965PLC026556
- ii) **PAN No.:** AAACC9186C
- iii) **Date of Incorporation:** 29 July 1965.
- iv) **Type of Company:** Public limited Company.
- v) **Registered office and e-mail address:** 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020; e-mail: merinokol@merinoindia.com
- vi) **Summary of Main Object as per the Memorandum of Association and the main business carried on by MIL:**

“III. A. 1. To construct, build, equip, own, maintain, sell and to carry on business as operators of cold storages, storage chambers, cold and refrigerated rooms, warehouses, ice-plants, godowns, refrigerators, freezing houses and room coolers for storing, preservation of all kinds of food products, seeds, fruits, flowers, roots, vegetables, vegetable oil and products, other agricultural and horticultural produce, milk, butter, cheese, curd, ghee and other milk products, gur and gur products, bacons, sausages, roots, betel-leaves, syrups, toffees, bread, biscuits, confectioneries and all allied products, ice-creams, medicines and medical preparations, fish, seafood, marine products, processed fish, eggs, meat, poultry products, protein foods, cream, other frozen victuals or other substances made from all or any of them and canned, tinned and processed foods of every description or all or any of the articles, which the Company may manufacture, grow, preserve, deal, store, buy, sell, export or import and to act as transporters of all or any of the aforesaid foods, substances and products.

2. To carry on business as manufacturers, traders, dealers, wholesalers, retailers, commission agents of plywood of all sizes and descriptions, veneer, decorative laminated sheets, boards and industrial laminated sheets, boards, sawn timber and other articles made of plywood, flush door, block board and tea chests including metal fittings, battens, bobbins, shuttles, looms, loom parts, moulds and other wooden parts of textile mills, packing boxes, wooden crates, wooden toys, furniture of every description including those made of wood, MDF, particle boards and other panel boards, whether naked or laminated, steel furniture and cane furniture and to act as decorators and builders and to manufacture and deal in house furniture and fittings, interior decorators, motor body builders, commercial and industrial furniture and fittings and implements and tools of all description and to provide consultancy in total furniture solution.

3. To carry on the business of manufacturers, processors, producers, growers, makers, importers, exporters, buyers, sellers, suppliers, stockists, agents, merchants, distributors and concessionaires of and dealers in commodities of all or any of the following kinds of seeds, seedlings, plants of any description for commercial purpose or use in-house, plantlets by any process including multiplication thereof with the technique of tissue culture and other technical and scientific applications, cultivation of flowers with the technique of floriculture, crops including cash crops, food grains, vegetables, fruits, oil seeds, sugarcane and flakes, sauces, jams, jellies, squashes, syrups, juices, pickles and any preparation whatsoever from vegetables, fruits or otherwise and sale and imparting technology and technical knowhow for the same to others on commercial basis.”

At present MIL is engaged in the business of manufacture and sale of decorative laminates, pre-laminated panel boards, furniture, rest-room cubicles, chemicals, agriculture business and processing of potato flakes.

vii) **Details of change of name, registered office and objects of MIL during the last five years:**

There has been no change in the name, registered office and objects of MIL in the last five years.

viii) **Listing:**

The shares of MIL are not listed with any stock exchange.

ix) **Details of the capital structure of MIL:**

The Authorised Share Capital of MIL is Rs. 17,00,00,000/-divided into 1,70,00,000 Equity Shares of Rs 10/- each. The Issued Share Capital of MIL is Rs. 10,56,61,000/- divided into 1,05,66,100 equity shares of Rs. 10/- each. The Subscribed and Paid up Share Capital of MIL is Rs. 10,36,96,000/- divided into 1,03,69,600 equity shares of Rs. 10 each fully paid up.

x) **Names of the promoters and directors along with their addresses:**

Name of Promoters/directors	Designation	Address
Shri Champa Lal Lohia	Executive Chairman	44/78, Punjabi Bagh, New Delhi 110026.
Shri Prakash Lohia	Managing Director	House no.2189, Buland Shahr Road, Avash Vikas, Hapur, Ghaziabad, Uttar Pradesh 245101.
Shri Nripen Kumar Dugar	Whole-Time Director	Kasturi Bai Cold Storage Compound, Buland Shahr Road, Hapur 245101, Uttar Pradesh.
Dr. Gautam Bhattacharjee	Independent Director	Panchajanya, 4th floor, 25/59, Prince Golam Md. Shah Road, Golf Gardens, Kolkata 700 095, West Bengal
Miss. Ruchira Lohia	Whole-Time Director	Kasturi Bai Cold Storage Compound, Buland Shahr Road, Hapur 245101, Uttar Pradesh
Shri Rup Chand Lohia	Executive Vice-Chairman	4th floor, 3, Mayfair Road, Kolkata 700 019
Shri Prasan Lohia	Whole-Time Director	4th floor, 3, Mayfair Road, Kolkata 700 019
Shri Bikash Lohia	Whole-time Director	H.No.44, Road no.78, Punjabi Bagh, New Delhi 110 026.
Shri Madhusudan Lohia	Whole-time Director	V-10/4, Jaypee Greens, Greater Noida, Surajpur, Gautam Buddha Nagar, Noida 201 306, Uttar Pradesh.
Shri Sisir Kumar Chakrabarti	Independent Director	Flat no.212, Darpan, 50A, Purna Das Road, Kolkata 70029
Shri Bama Prasad Mukhopadhyay	Independent Director	46/1, Ramesh Mitra Road, Kolkata 700 025, West Bengal.

IV. Relationship between the companies, if any

MPPL is a subsidiary company of MIL.

MEXPL is an associate company of MIL.

V. Details of Board Approvals:

The Scheme was approved by the applicant companies at their respective Board Meetings held on 20 August 2019. The following is the summary of the directors who attended the respective meetings and voted at the meetings:

	MEXPL	MPL	MSL	MCSL	MPPL	MIL
Directors who attended the meeting	Shri Rup Chand Lohia, Shri Pritam Bose	Shri Bikash Lohia and Miss Ruchira Lohia	Shri Prakash Lohia, Shri Asok Kumar Parui, Shri Prasun Basu	Shri Bikash Lohia and Miss Ruchira Lohia	Shri Rup Chand Lohia, Shri Prakash Lohia, Shri Anil Jajoo, Shri Sisir Kumar Chakrabarti, Dr. Gautam Bhattacharjee, Shri Bama Prasad Mukhopadhyay, Shri Asok Kumar Parui	Shri Prakash Lohia, Shri Rup Chand Lohia, Shri Sisir Kumar Chakrabarti, Dr. Gautam Bhattacharjee, Shri Bama Prasad Mukhopadhyay,
Directors who voted in favour of the resolution	Shri Rup Chand Lohia, Shri Pritam Bose	Shri Bikash Lohia and Miss Ruchira Lohia	Shri Prakash Lohia, Shri Asok Kumar Parui, Shri Prasun Basu	Shri Bikash Lohia and Miss Ruchira Lohia	Shri Rup Chand Lohia, Shri Prakash Lohia, Shri Anil Jajoo, Shri Sisir Kumar Chakrabarti, Dr. Gautam Bhattacharjee, Shri Bama Prasad Mukhopadhyay, Shri Asok Kumar Parui	Shri Prakash Lohia, Shri Rup Chand Lohia, Shri Sisir Kumar Chakrabarti, Dr. Gautam Bhattacharjee, Shri Bama Prasad Mukhopadhyay,
Directors who voted against the resolution	None	None	None	None	None	None
Directors who did not attend or vote or participate at the meeting	Ms. Ruchira Lohia, Shri Manoj Lohia, Shri Prasan Lohia	Shri Prakash Lohia, Shri Prasan Lohia	Miss Ruchira Lohia, Shri Bikash Lohia, Shri Deepak Lohia, Shri Prasan Lohia	Shri Prakash Lohia, Shri Prasan Lohia	Shri Champa Lal Lohia, Ms. Ruchira Lohia, Shri Deepak Lohia, Shri Manoj Lohia, Shri Bikash Lohia, Shri Anurag Lohia	Shri Champa Lal Lohia, Ms. Ruchira Lohia, Shri Prasan Lohia, Shri Bikash Lohia, Shri Madhusudan Lohia, Shri Nripen Kumar Dugar

The Board of Directors of the applicant companies have adopted a report under Section 230(2)(c) of Companies Act, 2013. A copy of the said report is enclosed and marked **Annexure 2**.

VI. SALIENT FEATURES OF THE SCHEME

The salient features of the Scheme is summarised for your convenience as follows: -

- (i) **"Act"** means the Companies Act, 2013.
- (ii) **"Appointed Date"** means the 1st day of April 2019.
- (iii) **"Effective Date"** means the last of the date(s) on which the certified copy of the order of the National Company Law Tribunal, Kolkata Bench sanctioning the scheme is filed by MEXPL, MPL, MSL, MCSL, MPPL and MIL with the Registrar of Companies, West Bengal.
- (iv) The Scheme of Arrangement is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, rules and regulations made thereunder.
- (v) **Rationale**
 - (1) All the companies involved in the Scheme belong to the Merino group. The management has envisaged to reorganize and streamline its corporate holding structure and consolidate / segregate certain business operations into separate companies.
 - (2)
 - (a) MEXPL is a registered non-banking financial company and is also engaged in the Real Estate activities and in non-banking financial business. For optimum growth and development of financial and real estate businesses with undivided care and attention, MEXPL desires to demerge its Real estate business to MPL, which has been formed for the sole purpose of undertaking real estate and other trading activities in real estate materials. Further, post demerger of Real Estate business, MEXPL is proposed to be merged into MIL in order to expand the activities of MIL.
 - (b) MSL is engaged in the business of developing and providing Software and IT related services. For optimum growth and development of IT business with undivided care and attention, MSL desires to demerge its IT & Software business to MCSL, which has been formed for the sole purpose of undertaking IT related business. Further, post demerger of IT & Software business, MSL is proposed to be merged into MIL in order to expand the activities of MIL.
 - (c) Both MPPL and MIL are primarily engaged in the businesses of manufacture and sale of decorative laminates, panel boards and other related activities. Merger of MPPL into MIL will lead to consolidation of the said business into one entity.
 - (3) The Scheme will result in focused management of the respective businesses and undertakings of the Merino group leading to optimum growth and development of the respective businesses being set up with greater focus and attention.
 - (4) The Scheme will result in streamlining the holding in various companies of the Merino group which will consequently result in operational efficiencies, economies of scale, reduction in overheads and other expenses and optimum utilization of resources which will go a long way in strengthening the business model which will be competitive and cogent.
 - (5) With consolidation of similar businesses and segregation of identified businesses into separate

companies, the companies can leverage on the combined strength of the consolidated businesses and raise funds in a cost efficient way as well as de-risk other businesses that are segregated. It will also facilitate mobility of human resources, greater integration and greater employees' strength, which will result in maximisation of overall shareholders' value and will improve competitive position of all the companies concerned.

- (6) The said Scheme is beneficial to all the shareholders, creditors and other stakeholders of all the companies concerned.
- (vi) The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT shall be effective from the Appointed Date and shall be operative from the Effective Date.
- (vii) With effect from the Appointed Date, the Real Estate Business of MEXPL, as defined in the Scheme shall be transferred to and vested in and/or be deemed to have been transferred to and vested in MPL on a going concern basis, so as to become, on and from the Appointed Date, the estate, assets, rights, title, interest, property and authorities of MPL, pursuant to Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act and in accordance with the provisions of Section 2(19AA) of the Income-tax Act, 1961. Post the demerger of Real Estate Business of MEXPL and as an integral part of the Scheme, with effect from the Appointed Date, and subject to the provisions of the Scheme in relation to the mode of transfer and vesting of the Remaining Undertaking of MEXPL, MEXPL shall be merged into MIL and the Remaining Undertaking of MEXPL shall, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in MIL on a going concern basis, so as to become on and from the Appointed Date, the estate, assets, rights, title, interest and authorities of MIL, pursuant to Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act and in accordance with the provisions of Section 2(1B) of the Income-tax Act, 1961.
- (viii) With effect from the Appointed Date, all inter-party transactions between MPPL and MIL shall be considered as intra-party transactions for all purposes from the Appointed Date. For the removal of doubt, it is clarified that upon the Scheme coming into effect and with effect from the Appointed Date, to the extent there are inter-corporate loans, deposits, investments, obligation, balances or other outstanding as between MPPL and/or MIL, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the MPPL and MIL (as the case may be) for the reduction of such income, assets or liabilities as the case may be. Further, in case MPPL or MIL have paid taxes on any of the above intra-party transactions executed between the Appointed Date and upon the Scheme becoming Effective, then the taxes paid, if any, shall be regarded as taxes paid by MIL and the same shall be allowed as credit in the hands.
- (ix) Upon the coming into effect of the Scheme, MPPL shall stand dissolved without winding up.
- (x) Upon the Scheme becoming effective and upon the merger of MPPL into MIL pursuant to the Scheme, the entire authorised share capital of MPPL aggregating to Rs. 2,75,00,000 shall stand merged with the authorised share capital of MIL.
- (xi) Swap Ratio of Shares: Upon the Scheme coming into effect:
 - (a) MPL shall, without any further act or deed, issue and allot to each shareholder of MEXPL whose names appear in the Register of Members of MEXPL as on the Record Date to be fixed by the Board, 1 (one) equity share of Rs 10 each of MPL credited as fully paid up for every 1 (one) equity share of Rs.10 each held by such shareholder in MEXPL such that the share capital of MPL shall be a mirror image of the share capital of MEXPL ;

- (b) MIL shall, without any further act or deed, issue and allot to each shareholder of MEXPL whose names appear in the Register of Members of MEXPL as on the Record Date to be fixed by the Board, 678 (six hundred and seventy eight) equity shares of Rs 10 each of MIL credited as fully paid up for every 10 (ten) equity shares of Rs.10 each held by such shareholder in MEXPL;
- (c) MCSL shall, without any further act or deed, issue and allot to each shareholder of MSL whose names appear in the Register of Members of MSL as on the Record Date to be fixed by the Board, 1 (one) equity share of Rs 10 each of MCSL credited as fully paid up for every 1 (one) equity share of Rs.10 each held by such shareholder in MSL such that the share capital of MCSL shall be a mirror image of the share capital of MSL;
- (d) MIL shall, without any further act or deed, issue and allot to each shareholder of MSL whose names appear in the Register of Members of MSL as on the Record Date to be fixed by the Board, 21 (twenty one) equity shares of Rs 10 each of MIL credited as fully paid up for every 10 (ten) equity shares of Rs.10 each held by such shareholder in MSL; and
- (e) MIL shall, without any further act or deed, issue and allot to each shareholder of MPPL whose names appear in the Register of Members of MPPL as on the Record Date to be fixed by the Board, 52 (fifty two) equity shares of Rs 10 each of MIL credited as fully paid up for every 25 (twenty five) equity shares of Rs.10 each held by such shareholder in MPPL.
- (f) The shares held between MEXPL and MIL will be cancelled and no shares will be issued in respect thereof.
- (g) The shares held between MSL and MIL will be cancelled and no shares will be issued in respect thereof.
- (h) The shares held by MIL in MPPL will be cancelled and no shares will be issued in respect thereof.

VII. **The amounts due to creditors in applicant companies were as follows:**

Name of company	Amount due to Secured Creditors	Amount due to Unsecured Creditors
MEXPL	NIL	Rs.24,19,04,797.26 (as on 31 March 2019)
MPL	NIL	Rs.22,891/- (as on 30 June 2019)
MSL	Rs.1,48,62,240.78 (as on 31 March 2019)	Rs.22,52,99,715.32 (as on 31 March 2019)
MCSL	NIL	Rs.25,392/- (as on 30 June 2019)
MPPL	Rs.2,799.82 (as on 31 March 2019)	Rs.6,559.84 (as on 31 March 2019)
MIL	Rs. 10,085.25 (as on 31 March 2019)	Rs.21,828.75 (as on 31 March 2019)

- VIII. The Key Managerial Personnel, Directors, Promoters, Non-Promoter Members, Creditors, Depositors, Debenture holders, Deposit trustee and debenture trustee and Employees of the applicant companies will not be affected by the proposed Scheme. None of the applicant companies have any outstanding debentures. All debts and claims of creditors of (i) Real Estate Business of MEXPL will be transferred to MPL, (ii) Remaining Business of MEXPL will be transferred to MIL, (iii) IT & Software Business of MSL will be transferred to MCSL, (iv) Remaining Business of MSL will be transferred to MIL and (v) MPPL will be transferred to MIL. Further, all employees of (i) Real Estate Business of MEXPL will be transferred to MPL, (ii) Remaining Business of MEXPL will be transferred to MIL, (iii) IT & Software Business of MSL will be transferred to MCSL, (iv) Remaining Business of MSL will be

transferred to MIL and (v) MPPL will be transferred to MIL, on the same terms and conditions on which they are employed with the respective companies / divisions. The shares to be issued by MEXPL, MSL and MPPL to Promoter Shareholders / Non-Promoter Shareholders are in the same proportion as per the valuation prepared by the Registered Valuer. None of the companies have any depositors or outstanding debentures.

- IX. Latest Accounts:** The Supplementary Accounting Statement of Applicant Companies for the half year ended on 30 September, 2019 are enclosed and collectively marked **Annexure 3**.
- X. Valuation Report:** The Valuation Report has been prepared by Mr. Parag S. Ved, Chartered Accountants, registered valuer on 20 August 2019. A copy of the Valuation Report is enclosed and marked **Annexure 4**.
- XI. Investigation Proceedings:** There are no proceedings pending under Sections 210, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224 and 225 of the Companies Act 2013 and/or Sections 235 to 251 of the Companies Act 1956 against any of the applicant companies.
- XII. Inspection of Documents:** Copies of the following documents are open for inspection and/or for obtaining extract or copies of the same at the Registered office of MIL between 11.00 A.M. and 5.00 P.M. on any working day –
- a) Memorandum and Articles of Association of the applicant companies;
 - b) Annual Accounts of the Applicant Companies as on 31 March 2019;
 - c) Supplementary Accounting Statement of the applicant companies for the half year ended on 30 September 2019;
 - d) Copy of Register of Shareholders of the applicant companies;
 - e) Copy of the Register of Directors' shareholding of the applicant companies;
 - f) Copy of Composite Scheme of Arrangement;
 - g) Copy of board resolutions approving the Scheme;
 - h) Valuation report in respect of the proposed Scheme;
 - i) Copies of certificates from Company's Auditors under Section 133 of Companies Act, 2013;
 - j) Copy of the order dated 6th December, 2019 passed by the Tribunal.
- XIII.** MIL is sending respective notices of the meetings along with a copy of the scheme to (i) Regional Director, Eastern Region, Kolkata, (ii) Registrar of Companies, West Bengal, (iii) Official Liquidator, West Bengal, (iv) Reserve Bank of India, Kolkata and (v) Income Tax Authorities having jurisdiction over MIL.
- XIV.** After the Scheme is approved by the shareholders, secured creditors and unsecured creditors of the respective Applicant Companies, as the case may be, it will be subject to sanction of the NCLT and Reserve Bank of India.

Dated : 6th January 2020

Drafted by
sd/-
(Trivikram Khaitan)
Khaitan & Co LLP
Advocates for the Applicants
1B, Old Post Office Street
Kolkata 700 001.

COMPOSITE SCHEME OF ARRANGEMENT

BETWEEN

MERINO EXPORTS PRIVATE LIMITED

AND

MERINO PROPERTIES PRIVATE LIMITED

AND

MERINO SERVICES LIMITED

AND

MERINO CONSULTING SERVICES LIMITED

AND

MERINO PANEL PRODUCTS LIMITED

AND

MERINO INDUSTRIES LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

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

A. PREAMBLE:

This composite scheme of arrangement (hereinafter referred to as the “Scheme”) provides for the following pursuant to the provisions of Sections 230 to 232 read with Section 66 of the Companies Act, 2013:

- (A) Demerger of Real Estate Business of MEXPL into MPL and merger of MEXPL into MIL;
- (B) Demerger of IT & Software Business of MSL into MCSL and merger of MSL into MIL; and
- (C) Merger of MPPL into MIL.

B. DESCRIPTION OF THE COMPANIES:

Merino Exports Private Limited (“MEXPL”):

MEXPL (CIN U70101WB1988PTC044285) is a private company limited by shares incorporated under the provisions of the Companies Act, 1956 having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020.

MEXPL is engaged in the business of real estate and finance. It is registered as a Non-Banking Financial Company with the Reserve Bank of India.

Merino Properties Private Limited (“MPL”):

MPL (CIN U45400WB2019PTC229906) is a private company limited by shares incorporated under the provi-

sions of the Companies Act, 2013 having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020.

MPL has been incorporated for undertaking the business of real estate and trading on plywood, laminates, panel products, cement, tiles, aluminium and other materials and products relating to real estate.

Merino Services Limited (“MSL”):

MSL (CIN U51109WB1993PLC058257) is a public company limited by shares incorporated under the provisions of the Companies Act, 1956 having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020.

MSL is engaged in the business of development and rendering of IT software and IT enabled services and rendering services for supply of man power.

Merino Consulting Services Limited (“MCSL”):

MCSL (CIN U74999WB2019PLC230560) is a public company limited by shares incorporated under the provisions of the Companies Act, 2013 having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020.

MCSL has been incorporated for undertaking the business of development and rendering of IT software and IT enabled services.

Merino Panel Products Limited (“MPPL”):

MPPL (CIN U20299WB1994PLC064386) is a public company limited by shares incorporated under the provisions of the Companies Act, 1956 having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020.

MPPL is engaged in the business of manufacture and sale of decorative laminates, plywood, panel boards, formaldehyde etc. and has its plant in the state of Haryana.

Merino Industries Limited (“MIL”):

MIL (CIN U51909WB1965PLC026556) is a public company limited by shares incorporated under the provisions of the Companies Act, 1956 having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020.

MIL is engaged in the businesses of manufacture and sale of decorative laminates, pre-laminated panel boards, furniture, rest-room cubicles, agriculture business and processing of potato flakes and ready mixes. MIL has plants in the states of Uttar Pradesh, Tamil Nadu and Gujarat.

C. RATIONALE FOR SCHEME

- 1.1 All the companies involved in this Scheme belong to the Merino group. The management has envisaged to reorganize and streamline its corporate holding structure and consolidate / segregate certain business operations into separate companies.
- 1.2 (a) MEXPL is a registered non-banking financial company and is also engaged in the Real Estate activities and in non-banking financial business. For optimum growth and development of financial and real estate businesses with undivided care and attention, MEXPL desires to demerge its Real estate business to MPL, which has been formed for the sole purpose of undertaking real estate and other trading activities in real estate materials. Fur-

ther, post demerger of Real Estate business, MEXPL is proposed to be merged into MIL in order to expand the activities of MIL.

- (b) MSL is engaged in the business of developing and providing Software and IT related services. For optimum growth and development of IT business with undivided care and attention, MSL desires to demerge its IT & Software business to MCSL, which has been formed for the sole purpose of undertaking IT related business. Further, post demerger of IT & Software business, MSL is proposed to be merged into MIL in order to expand the activities of MIL.
 - (c) Both MPPL and MIL are primarily engaged in the businesses of manufacture and sale of decorative laminates, panel boards and other related activities. Merger of MPPL into MIL will lead to consolidation of the said business into one entity.
- 1.3 The Scheme will result in focused management of the respective businesses and undertakings of the Merino group leading to optimum growth and development of the respective businesses being set up with greater focus and attention.
- 1.4 The Scheme will result in streamlining the holding in various companies of the Merino group which will consequently result in operational efficiencies, economies of scale, reduction in overheads and other expenses and optimum utilization of resources which will go a long way in strengthening the business model which will be competitive and cogent.
- 1.5 With consolidation of similar businesses and segregation of identified businesses into separate companies, the companies can leverage on the combined strength of the consolidated businesses and raise funds in a cost efficient way as well as de-risk other businesses that are segregated. It will also facilitate mobility of human resources, greater integration and greater employees' strength, which will result in maximisation of overall shareholders' value and will improve competitive position of all the companies concerned.
- 1.6 The said Scheme is beneficial to all the shareholders, creditors and other stakeholders of all the companies concerned.

D. GENERAL

This Scheme is divided into the following parts:

- (a) Part I of the Scheme deals with definitions and interpretations, and sets out the share capital of all the companies;
- (b) Part II of the Scheme deals with demerger of Real Estate Business of MEXPL into MPL and merger of MEXPL into MIL;
- (c) Part III of the Scheme deals with demerger of IT & Software Business of MSL into MCSL and merger of MSL into MIL;
- (d) Part IV of the Scheme deals with Merger of MPPL into MIL; and
- (e) Part V of the Scheme deals with the general terms and conditions applicable to the Scheme.

Parts II, III and IV of the Scheme will be carried out in the order of sequence mentioned hereinabove and shall be deemed to have taken effect as per the chronology specifically provided for in the Scheme and the transactions contained in each of the said parts are independent and severable amongst them.

PART – I
(DEFINITIONS AND INTERPRETATIONS)

1. DEFINITIONS AND INTERPRETATIONS

For the purpose of this Scheme, the following expressions shall, unless the context otherwise requires, have the meaning as defined herein:-

"Act" or "the Act" means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force.

"Appointed Date" means the 1st day of April 2019.

"Appropriate Authority" means any applicable central, state or local government, legislative body, regulatory, administrative or statutory authority, agency or commission or department or public or judicial body or authority, including, but not limited, to the Reserve Bank of India, the Registrar of Companies, West Bengal, Official Liquidator (as applicable to the Transferor Companies), Regional Director, Ministry of Corporate Affairs or the Tribunal.

"Companies" means MEXPL, MPL, MSL, MCSL, MPPL and MIL or any of them as the context requires.

"Effective Date" means the last of the date(s) on which the certified copy of the order of the National Company Law Tribunal, Kolkata Bench sanctioning the scheme is filed by MEXPL, MPL, MSL, MCSL, MPPL and MIL with the Registrar of Companies, West Bengal.

"IT & Software Business" means all the business, undertaking(s), properties, investments and liabilities of whatsoever nature and kind and where so ever situated of MSL, in relation to and pertaining to the IT and software development activity on a going concern basis, as on the Appointed Date, together with all its assets and liabilities and shall include (without limitation):

- a) all the immovable properties and movable properties, tangible assets (whether recorded or not in the financial statements) or intangible, including all computers and accessories, software, applications and related data, equity shares, preference shares and other securities of associate / subsidiary / joint venture companies which are engaged in similar line of business, plant and machinery, equipment, furniture, fixtures, vehicles, stocks and inventory, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, amounts lying in the banks, investments, escrow accounts, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, freehold, leasehold rights, brands, sub-letting tenancy rights, with or without the consent of the landlord as may be required by Applicable Law, goodwill, other intangibles, industrial and other licences, advance authorisations, approvals, permits, authorisations, trademarks, trade names, patents, patent rights, copyrights, and other industrial and intellectual properties and rights of any nature whatsoever including know-how, websites, portals, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits (including all work-in

progress), of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licences, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by MSL in relation to the IT & Software Business as on the Appointed Date;

- b) all agreements, rights, contracts, entitlements, permits, licences, source codes, registrations, insurance policies, approvals, consents, engagements, arrangements, subsidies, concessions, exemptions and all other privileges and benefits of every kind, nature and description whatsoever [including but not limited to benefits of tax relief including under the Income-tax Act, 1961 such as credit for advance tax, taxes deducted at source, self-assessment tax, MAT credit (whether recognised or not in the financial statements), tax losses, book losses for MAT purposes, unutilized deposits or credits, benefits under the VAT/ Sales Tax law/ Goods and Service Tax ('GST'), VAT/ sales tax/ GST set off, unutilized deposits or credits, benefits of any unutilized MODVAT/CENVAT/Service tax credits, etc.] relating to the IT & Software Business;
- c) all receivables, debtors, loans and advances, including accrued interest thereon, all prepaid expenses advance payments, earnest monies and/or security deposits, payment against warrants, if any, or other entitlements of MSL pertaining to the IT & Software Business as on the Appointed Date;
- d) all employees of MSL engaged in or in relation to the IT & Software Business along with all benefits under employment including gratuity, superannuation, pension benefits and the provident fund or other compensation or benefits of such employees;
- e) all the debts (whether secured, if any or unsecured), creditors, provisions, liabilities, duties and obligations including contingent liabilities of MSL in relation to the IT & Software Business as on the Appointed Date; and
- f) all books, records, files, papers, engineering and process information, records of standard operating procedures, computer programs along with their licences, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the IT & Software Business of MSL as on the Appointed Date.
- g) For the purposes of this Scheme, it is clarified that liabilities pertaining to or relating to IT & Software Business of MSL shall mean:
 - (i) The liabilities which arise out of the activities or operations of the IT & Software Business;
 - (ii) The specific loans or borrowings raised, incurred and utilized solely for the activities or operations of the IT & Software Business; and
 - (iii) In cases other than those referred to in sub-clauses (i) and (ii) above, so much of the amounts of general or multipurpose borrowings of MSL, which is not allocable to any undertaking shall stand transferred to MCSL in the same proportion in which the value of the assets transferred to MCSL under this Scheme bears to the total value of the assets of MSL immediately before the demerger, as prescribed under the Income-tax Act, 1961.

- h) Any question that may arise as to whether a specified asset or liability and / or employee pertains to or does not pertain to IT & Software Business or whether it arises out of the activities or operations of IT & Software Business shall be decided by the Board of Directors of MSL.

"MCSL" means Merino Consulting Services Limited (CIN: U74999WB2019PLC230560), a company incorporated under the provisions of the Companies Act, 2013 and having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020 in the state of West Bengal.

"MEXPL" means Merino Exports Private Limited (CIN: U70101WB1988PTC044285), a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020 in the state of West Bengal.

"MIL" means Merino Industries Limited (CIN: U51909WB1965PLC026556), a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020 in the state of West Bengal.

"MPL" means Merino Properties Private Limited (CIN: U45400WB2019PTC229906), a company incorporated under the provisions of the Companies Act, 2013 and having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020 in the state of West Bengal.

"MPPL" means Merino Panel Products Limited (CIN: U20299WB1994PLC064386), a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020 in the state of West Bengal.

"MSL" means Merino Services Limited (CIN: U51109WB1993PLC058257), a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020 in the state of West Bengal.

"Real Estate Business" means all the business, undertakings, properties and liabilities of whatsoever nature and kind and where so ever situated of MEXPL, in relation to and pertaining to the real estate activity on a going concern basis, as on the Appointed Date, together with all its assets and liabilities and shall include (without limitation):

- a) all the immovable properties and movable properties, tangible or intangible assets (whether recorded or not in the financial statements), including all computers and accessories, software, applications and related data, equity shares, preference shares and other securities of associate / subsidiary / joint venture companies which are engaged in similar line of business, plant and machinery, equipment, furniture, fixtures, vehicles, stocks and inventory, leasehold/freehold assets or land and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, amounts lying in the banks, investments, escrow accounts, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, rights, tenancy rights, credits, titles, interests, benefits, advantages, freehold, leasehold rights, brands, sub-letting tenancy rights, with or without the consent of the landlord as may be required by Applicable Law, goodwill, other intangibles, industrial and other licences, approvals, permits, authorisations, trademarks, trade names, patents, patent rights, copyrights, and other industrial and intellectual properties and rights of any nature whatsoever including know-how, websites, portals, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities,

connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits (including all work-in progress), of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licences, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by MEXPL including share certificates in any society, leasehold agreements, leasehold land etc in relation to the Real Estate Business as on the Appointed Date;

- b) all agreements, rights, contracts, entitlements, permits, licences, registrations, insurance policies, approvals, consents, engagements, arrangements, subsidies, concessions, exemptions and all other privileges and benefits of every kind, nature and description whatsoever (including but not limited to benefits of tax relief including under the Income-tax Act, 1961 such as credit for advance tax, taxes deducted at source, self-assessment tax, MAT credit (whether recognised or not in the financial statements), tax losses, book losses for MT purposes, unutilized deposits or credits, benefits under the VAT/ Sales Tax law/ Goods and Service Tax ('GST'), VAT/ sales tax/ GST set off, unutilized deposits or credits, benefits of any unutilized MODVAT/CENVAT/Service tax credits, etc.) relating to the Real Estate Business;
- c) all receivables, debtors, loans and advances, including accrued interest thereon, all prepaid advance payments, earnest monies and/or security deposits, payment against warrants, if any, or other entitlements of MEXPL pertaining to the Real Estate Business as on the Appointed Date;
- d) all employees, if any of MEXPL engaged in or in relation to the Real Estate Business along with all benefits under employment including gratuity, superannuation, pension benefits and the provident fund or other compensation or benefits of such employees;
- e) all the debts (whether secured, if any or unsecured), creditors, provisions, liabilities, duties and obligations including contingent liabilities of MEXPL in relation to the Real Estate Business as on the Appointed Date; and
- f) all books, records, files, papers, engineering and process information, records of standard operating procedures, computer programs along with their licences, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the Real Estate Business of MEXPL as on the Appointed Date.
- g) For the purposes of this Scheme, it is clarified that liabilities pertaining to or relating to Real Estate Business of MEXPL shall mean:
 - (i) The liabilities which arise out of the activities or operations of the Real Estate Business;
 - (ii) The specific loans or borrowings raised, incurred and utilized solely for the activities or operations of the Real Estate Business; and
 - (iii) In cases, other than those referred to in sub-clauses (i) and (ii) above, so much of the amounts of general or multipurpose borrowings of MEXPL, which is not allocable to any undertaking of MEXPL shall stand transferred to MPL in the same proportion in which the value of the assets transferred to MPL under this Scheme bears to the total value of the assets of MEXPL immediately before the demerger, as prescribed under the Income-tax Act, 1961.

- h) Any question that may arise as to whether a specified asset or liability and / or employee pertains to or does not pertain to Real Estate Business or whether it arises out of the activities or operations of Remaining Undertaking of MEXPL shall be decided by the Board of Directors of MEXPL.

“Remaining Undertaking of MEXPL” means the business (other than the business comprised in the Real Estate Business of MEXPL) which is sought to be merged with MIL.

“Remaining Undertaking of MSL” means the business (other than the business comprised in the IT & Software Business of MSL) which is sought to be merged with MIL.

“Scheme” or “the Scheme” or “this Scheme” means this Composite scheme of arrangement in its present form submitted to the Tribunal or any other Appropriate Authority in the relevant jurisdiction with any modification(s) thereof made under Clause 43 of the Scheme or as directed by the Tribunal or any other Appropriate Authority and accepted by the Parties.

“Tribunal” means the National Company Law Tribunal, Kolkata Bench.

“Undertaking of MPPL” means and includes the whole of the undertaking of MPPL, as on the Appointed Date and includes (without limitations to) the following:

- (a) all assets of MPPL, wherever situated, whether movable or immovable in nature, whether present, future or contingent, tangible or intangible, in possession or reversion, corporeal or incorporeal whether recorded or not in the financial statements, including without limitation fixed assets, plant and machinery, furniture, fixtures, appliances, accessories, office equipment, immovable properties, land, building, flats, investments, current assets, actionable claims, and sundry debtors, financial assets and accrued benefits thereon, prepaid expenses, advances recoverable in cash or in kind or for value to be received, provisions, receivables, funds, cheques and other negotiable instruments, cash and bank balances, investments in shares (quoted or unquoted), borrowings, mutual funds and deposits including accrued interests thereon with other persons, tax related assets, tax benefits, exemptions and refunds; (hereinafter referred to as the “Assets”);
- (b) all present and future liabilities, including loans (secured or unsecured), borrowings, outstanding dues, duties, creditors, provisions and obligations, fixed, crystallised and contingent liability pertaining to or arising out of activities or operations of MPPL, whether provided for or not in the books of account of MPPL and whether disclosed or not in its balance sheet (hereinafter referred to as “Liabilities”);
- (c) all permits, licences, advance authorisations, registrations, permissions, clearances, approvals, consents, no-objections, rights, entitlements, exemptions, concessions, benefits, including those in respect of any pending application made by MPPL and/or to which MPPL is entitled to as on the Appointed Date (“Licences”);
- (d) all benefits, entitlements, incentives, concessions, exemptions, deductions, credits including sales tax, value added tax, service tax, Goods and Service Tax (“GST”), CENVAT credit, credit for advance tax, taxes deducted at source, tax losses, book losses for MAT purposes, MAT credit (whether recognized or not in the financial statements) and credit in respect of advance tax and self- assessment tax payments, book losses (if any), refunds and interest due thereon and other claims under the income tax laws to the extent statutorily available to MPPL, alongwith associated obligations (“Benefits”);
- (e) all contracts, agreements, customer contracts, memorandum of understanding, bids, expressions of interest, qualification criteria, experience, letters of intent, commitment letters, other arrangements,

undertakings, deeds, bonds and other instruments of whatsoever nature and description, whether written, oral, digital or otherwise, to which MPPL is a party, or to the benefit of which MPPL may be entitled (“Contracts”);

- (f) all intellectual property rights of MPPL including, registrations, goodwill, logos, trade names, trademarks, brands, service marks, copyrights, patents, technical know-how, trade secrets, domain names, computer programs, source codes, development rights, finished and ongoing research and development programs and all such rights of whatsoever description and nature, whether or not registered, owned or licensed, including any form of intellectual property which is in progress (“Intellectual Property”);
- (g) all employees of MPPL, whether permanent or temporary, as on the Effective Date and whose services are transferred to MIL (“Transferred Employees”), all provisions and benefits made in relation to such employees including provident funds, registrations, if any, made towards any provident fund, employees state insurance, gratuity fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such Transferred Employees of MPPL (“Funds”), together with such of the investments made by these Funds, which are referable to such employees;
- (h) all civil, criminal, revenue, taxation or other proceedings, enquiries or investigations of whatsoever nature initiated by or against MPPL or to which MPPL is otherwise a party, whether pending as on the Appointed Date or instituted at any time thereafter (“Proceedings”);
- (i) all the debts (whether secured or unsecured), creditors, provisions, liabilities, duties and obligations, including contingent liabilities of MPPL as on the Appointed Date; and
- (j) all books, records, files, papers, engineering and process information, databases, catalogues, quotations, advertising materials, lists of present and former credit, and all other books and records, whether in physical or electronic form, of MPPL.

1.2 In this Scheme, unless the context otherwise requires:

1.2.1 words denoting singular shall include plural and vice versa;

1.2.2 headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;

1.2.3 references to the word “include” or “including” shall be construed without limitation;

1.2.4 a reference to an article, clause, section, paragraph is, unless indicated to the contrary, a reference to an article, clause, section or paragraph of this Scheme;

1.2.5 references to dates and times shall be construed to be references to Indian dates and times;

1.2.6 reference to a document includes an amendment or supplement to, or replacement or novation of, that document;

1.2.7 reference to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement or amendment of, that law or legislation or regulation;

1.2.8 reference in this Scheme to the date of “coming into effect of this Scheme or effectiveness of this Scheme” shall mean references to the Effective Date;

1.2.9 word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them; and

1.2.10 references to a person include any individual, firm, LLP, body corporate (whether incorporated), trust, artificial juridical person, government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives' body (whether or not having separate legal personality).

2. DATE OF TAKING EFFECT OF THIS SCHEME

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Tribunal, shall be effective from the Appointed Date but shall be operative from the Effective Date. The various parts of the Scheme shall take effect in following sequence:

- i) Firstly, Part II of the Scheme (relating to demerger of Real Estate Business of MEXPL into MPL and merger of MEXPL into MIL) shall be deemed to have taken effect, prior to Part III or Part IV of the Scheme;
- ii) Thereafter, Part III of the Scheme (relating to demerger of IT & Software Business of MSL into MCSL and merger of MSL into MIL) shall be deemed to have taken effect, after Part II of the Scheme, and prior to Part IV of the Scheme; and
- iii) Lastly, Part IV of the Scheme (relating to Merger of MPPL into MIL) shall be deemed to have taken effect after Part II and Part III IV of the Scheme.

3. SHARE CAPITAL

3.1 The share capital of MEXPL as on 31st March, 2019 is as under:

Authorised Share Capital	Amount (Rs)
1,20,000 equity shares of Rs. 10 each	12,00,000
Total	12,00,000
Issued Share Capital	
94,696 equity shares of Rs.10 each	9,46,960
Total	9,46,960
Subscribed & Paid up Share Capital	
94,696 equity shares of Rs.10 each	9,46,960
Less Buy Back of 31,554 equity shares of Rs.10/- each	3,15,540
Total	6,31,420

Subsequent to the aforesaid date, there has been no change in the Share Capital of MEXPL.

3.2 The share capital of MPL as on 31st March, 2019 is as under:

Authorised Share Capital	Amount (Rs)
10,000 equity shares of Rs. 10 each	1,00,000
Total	1,00,000
Issued, Subscribed & Paid up Share Capital	
10,000 equity shares of Rs. 10 each fully paid up	1,00,000
Total	1,00,000

Subsequent to the aforesaid date, there has been no change in the Share Capital of MPL.

3.3 The share capital of MSL as on 31st March, 2019, is as under:

Authorised Share Capital	Amount (Rs)
2,50,000 equity shares of Rs. 10 each	25,00,000
Total	25,00,000
Issued Share Capital	
1,70,100 equity shares of Rs.10 each	17,01,000
Total	17,01,000
Subscribed & Paid up Share Capital	
1,57,048 equity shares of Rs. 10 each fully paid up	15,70,480
Total	15,70,480

Subsequent to the aforesaid date, there has been no change in the Share Capital of MSL.

3.4 The share capital of MCSL as on 31st March, 2019 is as under:

Authorised Share Capital	Amount (Rs)
10,000 equity shares of Rs. 10 each	1,00,000
Total	1,00,000
Issued, Subscribed & Paid up Share Capital	
10,000 equity shares of Rs. 10 each fully paid up	1,00,000
Total	1,00,000

Subsequent to the aforesaid date, there has been no change in the Share Capital of MCSL.

3.5 The share capital of MPPL as on 31st March, 2019, is as under:

Authorised Share Capital	Amount (Rs)
27,50,000 equity shares of Rs. 10 each	2,75,00,000
Total	2,75,00,000
Issued, Subscribed & Paid up Share Capital	
20,00,000 equity shares of Rs. 10 each fully paid up	2,00,00,000
Total	2,00,00,000

Subsequent to the aforesaid date, there has been no change in the Share Capital of MPPL.

3.6 The share capital of MIL as on 31st March, 2019, is as under:

Authorised Share Capital	Amount (Rs)
1,70,00,000 equity shares of Rs. 10 each	17,00,00,000
Total	17,00,00,000
Issued Share Capital	
1,05,66,100 Equity Shares of Rs.10/- each	10,56,61,000
Total	10,56,61,000
Subscribed & Paid up Share Capital	
1,03,69,600 equity shares of Rs. 10 each fully paid up	10,36,96,000
Total	10,36,96,000

Subsequent to the aforesaid date, there has been no change in the Share Capital of MIL.

PART – II

(Demerger of Real Estate Business of MEXPL into MPL and merger of MEXPL into MIL)

4. TRANSFER OF ASSETS AND LIABILITIES

- 4.1 (a) Upon the Scheme becoming effective and with effect from the Appointed Date and subject to the mode of transfer and vesting of the Real Estate Business, the Real Estate Business of MEXPL shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to have been transferred to and vested in MPL on a going concern basis, so as to become, on and from the Appointed Date, the estate, assets, rights, title, interest, property and authorities of MPL, pursuant to Sections 230 to 232 of the Act and all other

applicable provisions, if any, of the Act and in accordance with the provisions of Section 2(19AA) of the Income-tax Act, 1961.

- (b) Post the demerger of Real Estate Business of MEXPL and as an integral part of this Scheme, with effect from the Appointed Date, and subject to the provisions of this Scheme in relation to the mode of transfer and vesting of the Remaining Undertaking of MEXPL, MEXPL shall be merged into MIL and the Remaining Undertaking of MEXPL shall, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in MIL on a going concern basis, so as to become on and from the Appointed Date, the estate, assets, rights, title, interest and authorities of MIL, pursuant to Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act and in accordance with the provisions of Section 2(1B) of the Income-tax Act, 1961.

4.2 Without prejudice to the generality of Clause 4.1 above, on and from the Appointed Date:

- 4.2.1(a) the Real Estate Business of MEXPL, including all its assets, properties, investments, shareholding interests in other companies, claims, title, interest, assets of whatsoever nature such as licences and all other rights, title, interest, contracts or powers of every kind, nature and description of whatsoever nature and wheresoever situated shall, pursuant to the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, and pursuant to the order of the Tribunal sanctioning this Scheme and without further act or deed or instrument, but subject to the charges affecting the same as on the Appointed Date, be and stand transferred to and vested in MPL as a going concern.

- (b) Furthermore, post demerger of Real Estate Business of MEXPL, the Remaining Undertaking of MEXPL, including all assets, properties, investments, shareholding interests in other companies, claims, title, interest, assets of whatsoever nature such as licences and all other rights, title, interest, contracts or powers of every kind, nature and description of whatsoever nature and wheresoever situated shall, pursuant to the provisions of Section 232 and other applicable provisions, if any, of the Act, and pursuant to the order of the Tribunal sanctioning this Scheme and without further act or deed or instrument, but subject to the charges affecting the same as on the Appointed Date, be and stand transferred by way of merger to and vested in MIL as a going concern.

- 4.2.2(a) With respect to the assets forming part of the Real Estate Business of MEXPL that are movable in nature or are otherwise capable of being transferred by manual delivery or by paying over or endorsement and/or delivery, the same may be so transferred by MEXPL without any further act or execution of an instrument with the intent of vesting such assets with MPL.

- (b) Likewise, post demerger of Real Estate Business of MEXPL with respect to the assets pertaining to the “Remaining Undertaking of MEXPL” that are movable in nature or are otherwise capable of being transferred by manual delivery or by paying over or endorsement and/or delivery, the same may be so transferred by MEXPL without any further act or execution of an instrument with the intent of vesting such assets with MIL.

- 4.2.3(a) all immoveable properties, whether or not included in the books of MEXPL, pertaining to the Real Estate Business, whether freehold or leasehold (including but not limited to land, buildings, sites and immovable properties and any other document of title, rights, interest and easements in relation thereto) of the Real Estate Business shall stand transferred to and be vested in MPL, without any act or deed.

- (b) Post demerger of Real Estate Business of MEXPL, all immoveable properties, whether or not included in the books of MEXPL, whether freehold or leasehold (including but not limited to land, buildings, sites and immovable properties and any other document of title, rights, interest and easements in relation thereto) comprised in the “Remaining Undertaking of MEXPL” shall stand transferred to and be vested in MIL, without any act or deed.

- 4.2.4 (a) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Real Estate Business occurs by virtue of this Scheme, MPL may, at any time on or after the Appointed Date, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which MEXPL is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. MPL shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of MEXPL to carry out or perform all such formalities or compliances referred to above on the part of MEXPL
- (b) Post demerger of Real Estate Business of MEXPL and without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Remaining Undertaking of MEXPL occurs by virtue of this Scheme, MIL may, at any time on or after the Appointed Date, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which MEXPL is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. MIL shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of MEXPL to carry out or perform all such formalities or compliances referred to above on the part of MEXPL.
- 4.2.5(a) all debts, including secured and unsecured, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities which arise out of the activities or operations of MEXPL) of MEXPL as on the Appointed Date and relating to the Real Estate Business ("Liabilities") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to MPL to the extent that they are outstanding as on the Appointed Date and shall become the debts, liabilities, loans, obligations and duties of MPL.
- (b) Post demerger of Real Estate Business of MEXPL, all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities which arise out of the activities or operations of MEXPL) of MEXPL pertaining to the Remaining Undertaking of MEXPL as on the Appointed Date shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to MIL to the extent that they are outstanding as on the Appointed Date and shall become the debts, liabilities, loans, obligations and duties of MIL which shall meet, discharge and satisfy the same.
- 4.2.6 in so far as any encumbrance in respect of Transferred Liabilities is concerned, such encumbrance shall, without any further act, instrument or deed being required be modified and shall be extended to and shall operate only over the assets comprised in the Real Estate Business which may have been encumbered in respect of the Transferred Liabilities as transferred to MPL pursuant to this Scheme. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Real Estate Business of MEXPL are concerned, the encumbrance, if any, over such assets relating to the Transferred Liabilities, without any further act, instrument or deed being required, be released and discharged from the obligations and encumbrances relating to the same. Further, in so far as the assets comprised in the Real Estate Business are concerned, the encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to MPL pursuant to this Scheme and which shall continue with MEXPL, shall without any further act or deed be released from such encumbrance and shall no longer be available as security in relation to such liabilities;
- 4.2.7(a) in so far as the various incentives, tax exemption and all benefits, (including the amount of loss brought forward and unabsorbed depreciation as per books of account, accumulated losses and allowance for unabsorbed

depreciation, if any, as per the provisions of Section 72A and other applicable provisions of the Income Tax Act, 1961), incentives, exemptions, income tax, minimum alternate tax i.e. tax on book profits, tax credits (including but not limited to minimum alternate tax paid under Section 115JA/115JB of the Income Tax Act, 1961 and the right to claim credit therefore in accordance with the provisions of Section 115JAA of the Income Tax Act, 1961, right to claim credit in respect of all advance taxes, tax deducted at source, tax collected at source, all other rights including indirect taxes, credits in respect of value added tax, sales tax, CENVAT credits, goods and services tax, etc), subsidies, grants, special status and other benefits or privileges enjoyed, granted by any Appropriate Authority, or availed of by MEXPL or eligible to MEXPL, in relation to or in connection with the Real Estate Business as on the Appointed Date are concerned, including income tax deductions, recognitions and exemptions, the same shall, without any further act or deed, vest with and be available to MPL on the same terms and conditions on and from the Appointed Date.

(b) Post demerger of Real Estate Business of MEXPL, in so far as the various incentives, tax exemption and benefits, tax credits, subsidies, grants, special status and other benefits or privileges enjoyed, granted by any Appropriate Authority, or availed of by MEXPL as on the Appointed Date in relation to the Remaining Undertaking of MEXPL are concerned, including income tax deductions, recognitions and exemptions, the same shall, without any further act or deed, vest with and be available to MIL on the same terms and conditions on and from the Appointed Date.

4.2.8(a) any tax liabilities under Customs Act, 1962, Central Excise Act, 1944, value added tax laws, as applicable to any State in which MEXPL operates, Central Sales Tax Act, 1956, any other State sales tax / value added tax laws, or service tax, GST or corporation tax, income tax, or other Applicable Laws and regulations dealing with taxes/ duties/ levies/cess (hereinafter in this Clause 4.2.8 referred to as "Tax Laws") to the extent not provided for or covered by tax provision in MEXPL's accounts, in relation to or in connection with the Real Estate Business, made as on the date immediately preceding the Appointed Date shall be transferred to MPL. Any surplus in the provision for taxation/ duties/ levies account as on the date immediately preceding the Appointed Date in relation to the Real Estate Business will also be transferred to the account of and belong to MPL.

(b) Post demerger of Real Estate Business of MEXPL, any tax liabilities under Tax Laws in relation to the Remaining Undertaking of MEXPL, to the extent not provided for or covered by tax provision in MEXPL's accounts, made as on the date immediately preceding the Appointed Date shall be transferred to MIL. Any surplus in the provision for taxation/ duties/ levies account as on the date immediately preceding the Appointed Date will also be transferred to the account of and belong to MIL.

4.2.9(a) any claims due to MEXPL from its customers or otherwise and which have not been received by MEXPL as on the date immediately preceding the Appointed Date as the case may be, in relation to or in connection with the Real Estate Business, shall also belong to and be received by MPL.

(b) Post demerger of Real Estate Business of MEXPL, any claims due to MEXPL from its customers or otherwise and which have not been received by the Remaining Undertaking of MEXPL as on the date immediately preceding the Appointed Date as the case may be, shall also belong to and be received by MIL.

4.2.10 (a) all debentures, bonds, other debt securities and other instruments of like nature (whether convertible into equity shares or not), if any, issued to/held by MEXPL in relation to the Real Estate Business, shall, upon coming into effect of this Scheme pursuant to the provisions of Sections 230 to 232 and other relevant provisions of the Act, without any further act, instrument or deed shall stand transferred to and vested in or be deemed to have been transferred to and vested in MPL.

(b) Post demerger of Real Estate Business of MEXPL, all debentures, bonds, other debt securities and other instruments of like nature (whether convertible into equity shares or not), if any, issued to/held by MEXPL pertaining to the Remaining Undertaking of MEXPL, shall, upon coming into effect of this Scheme pursuant to the provisions of Sections 230 to 232 and other relevant provisions of the Act, without any further act, instrument or deed shall stand transferred to and vested in or be deemed to have been transferred to and vested in MIL.

4.2.11(a) with respect to the investments made by MEXPL in shares, stocks, bonds, warrants, units of mutual fund or any other securities, shareholding interests, if any, in other companies, co-operative society certificates whether quoted or unquoted, by whatever name called, forming part of the Real Estate Business, the same shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in MPL on the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

(b) Post demerger of Real Estate Business of MEXPL, with respect to the investments made by MEXPL, pertaining to the Remaining Undertaking of MEXPL in shares, stocks, bonds, warrants, units of mutual fund or any other securities, shareholding interests in other companies, whether quoted or unquoted, by whatever name called, the same shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in MIL on the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

4.2.12(a) MPL shall be entitled to get credit/claim refund regarding any tax paid (including advance tax) and/or tax deduction at source certificates, pertaining to the Real Estate Business. It is specifically provided that if MEXPL or their successor(s) receives any refunds / credit / claims or incurs any liability in respect of the Real Estate Business, the same shall be held on behalf of and as a trustee of MPL and the same shall be refunded to / paid by MPL.

(b) Post demerger of Real Estate Business of MEXPL, MIL shall be entitled to get credit/claim refund regarding any tax paid (including advance tax) and/or tax deduction at source certificates in relation to the Remaining Undertaking of MEXPL. It is specifically provided that if MEXPL or their successor(s) receives any refunds / credit / claims or incurs any liability, the same shall be held on behalf of and as a trustee of MIL and the same shall be refunded to / paid by MIL.

5 PERMITS, CONSENTS AND LICENCES

(a) All the licences, permits, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, allotments, insurance cover, clearances, authorities, privileges, affiliations, easements, rehabilitation schemes, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued to MEXPL, in relation to or in connection with the Real Estate Business, including all quality certifications and approvals, trademarks, brands, patents and domain names, copyrights, industrial designs, trade secrets, trade formulae, and other intellectual property and all other interests relating to the goods or services being dealt with by MEXPL in relation to the Real Estate Business, shall pursuant to the provisions of Sections 230 to 232 of the Act and without any further act, instrument or deed, be transferred to and vest in or be deemed to have been transferred to and vested in and be available to MPL so as to become as and from the Appointed Date, the estates, assets, rights, title, interests and authorities of MPL and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible in applicable law.

Upon the Appointed Date and until the said licences, permits, quotas, approvals, incentives, subsidies,

rights, claims, etc. are transferred, vested, recorded, effected, and/or perfected, in the record of the Appropriate Authority, in favour of MPL, MPL is authorized to carry on business in the name and style of MEXPL, in relation to or in connection with the Real Estate Business, and under the relevant licence and or permit and / or approval, as the case may be, and MPL shall keep a record and/or account of such transactions.

- (b) Post the demerger of Real Estate Business as mentioned above, all the licences, permits, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, allotments, insurance cover, clearances, authorities, privileges, affiliations, easements, rehabilitation schemes, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued to MEXPL, pertaining to the Remaining Undertaking of MEXPL, including all quality certifications and approvals, trademarks, brands, patents and domain names, copyrights, industrial designs, trade secrets, trade formulae, and other intellectual property and all other interests relating to the goods or services being dealt with by MEXPL, shall pursuant to the provisions of Sections 230 to 232 of the Act and without any further act, instrument or deed, be transferred to and vested in or be deemed to have been transferred to and vested in and be available to MIL so as to become as and from the Appointed Date, the estates, assets, rights, title, interests and authorities of MIL and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under the applicable laws.

Upon the Appointed Date and until the said licences, permits, quotas, approvals, incentives, subsidies, rights, claims, etc. are transferred, vested, recorded, effected, and/or perfected, in the record of the Appropriate Authority, in favour of MIL, MEXPL is authorized to carry on business in the name and style of MIL, and under the relevant licence and or permit and / or approval, as the case may be, and MEXPL shall keep a record and/or account of such transactions.

6 EMPLOYEES

- (a) Upon the effectiveness of this Scheme and with effect from the Appointed Date, MPL undertakes to engage all the employees, if any of MEXPL, engaged in or in relation to the Real Estate Business, if any, on the same terms and conditions on which they are engaged by MEXPL without any interruption of service as a result of transfer of the Real Estate Business to MPL. MPL agrees that the services of all such employees with MEXPL prior to the demerger shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits and to this effect the accumulated balances, if any, standing to the credit of the employees in the existing provident fund, gratuity fund and superannuation fund of which they are members will be transferred to such provident fund, gratuity fund and superannuation funds nominated by MPL and/or such new provident fund, gratuity fund and superannuation fund to be established and caused to be recognized by the Appropriate Authorities, by MPL, or to the government provident fund in relation to the employees of MEXPL who are not eligible to become members of the provident fund maintained by MPL. In relation to those employees who are not covered under the provident fund trust of MPL, and for whom MEXPL is making contributions to the government provident fund, MPL shall stand substituted for MEXPL, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such employees.
- (b) post demerger of the Real Estate Business of MEXPL and upon the effectiveness of this Scheme and with

effect from the Appointed Date, MIL undertakes to engage all the employees of MEXPL if any, on the same terms and conditions on which they are engaged by MEXPL without any interruption of service as a result of transfer of the Remaining Undertaking of MEXPL to MIL. The services of all such employees with MEXPL prior to the merger shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits and to this effect the accumulated balances, if any, standing to the credit of the employees in the existing provident fund, gratuity fund and superannuation fund of which they are members will be transferred to such provident fund, gratuity fund and superannuation funds nominated by MIL and/or such new provident fund, gratuity fund and superannuation fund to be established and caused to be recognized by the Appropriate Authorities, by MIL, or to the government provident fund in relation to the employees of MEXPL who are not eligible to become members of the provident fund maintained by MIL. In relation to those employees who are not covered under the provident fund trust of MEXPL and for whom MEXPL is making contributions to the government provident fund, MIL shall stand substituted for MEXPL, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such employees.

Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the employees would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of MEXPL.

7. CONTRACTS, LICENCES, APPROVALS

- (a) Upon the Scheme becoming effective and with effect from the Appointed Date, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature relating to the Real Estate Business to which MEXPL is a party subsisting or having effect immediately before this Scheme becomes operative shall remain in full force and effect against or in favour of MPL, as the case may be and may be enforced as fully and effectually as if instead of MEXPL, MPL had been a party thereto.
- (b) Post demerger of Real Estate Business of MEXPL and upon the Scheme becoming effective and with effect from the Appointed Date, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature relating to "Remaining Undertaking of MEXPL" to which MEXPL is a party subsisting or having effect immediately before this Scheme becomes operative shall remain in full force and effect against or in favour of MIL, as the case may be and may be enforced as fully and effectually as if instead of MEXPL, MIL had been a party thereto.

8. PROCEEDINGS

- (a) If any suit, cause of actions, appeal or other legal, taxation, quasi-judicial, arbitral, administrative, or other proceedings of whatever nature, under any Applicable Law (hereinafter referred to as the "Proceedings") by or against MEXPL be pending, in relation to or in connection with the Real Estate Business, on the Appointed Date, the same shall not abate, be discontinued or be in anyway prejudicially affected by reason of the transfer and vesting of the Real Estate Business or of anything contained in the Scheme, but such Proceedings may be continued, prosecuted, defended and enforced by or against MPL in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against MEXPL as if the Scheme had not been made. On and from the Appointed Date, MPL may initiate any Proceedings for and on behalf of MEXPL for matters relating to or in connection with the Real Estate Business. MPL shall have/all Proceedings initiated by or against MEXPL with respect to the Real Estate Business, transferred into its name and to have the same continued, prosecuted and

enforced by or against MPL to the exclusion of MEXPL.

- (b) Further, post the demerger of Real Estate Business of MEXPL, if any Proceeding by or against MEXPL pertaining to the “Remaining Undertaking of MEXPL”, be pending, on the Appointed Date, the same shall not abate, be discontinued or be in anyway prejudicially affected by reason of the transfer and vesting of “Remaining Undertaking” of MEXPL in MIL or of anything contained in the Scheme, but such Proceedings may be continued, prosecuted, defended and enforced by or against MIL in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against MEXPL as if the Scheme had not been made. On and from the Appointed Date, MIL may initiate any Proceedings for and on behalf of MEXPL. MIL shall have/all Proceedings initiated by or against MEXPL with respect to the Remaining Undertaking of MEXPL, transferred into its name and to have the same continued, prosecuted and enforced by or against MIL to the exclusion of MEXPL.

9. CONSIDERATION

- 9.1 Upon the effectiveness of this Scheme and in consideration of the transfer and vesting of the Real Estate Business of MEXPL into MPL by way of demerger and followed by merger of MEXPL with MPL pursuant to provisions of this Scheme:
- (a) MPL shall, without any further act or deed, issue and allot to each shareholder of MEXPL whose names appear in the Register of Members of MEXPL as on the Record Date to be fixed by the Board, 1 (one) equity share of Rs 10 each of MPL credited as fully paid up (“New MPL Shares”) for every 1 (one) equity share of Rs.10 each held by such shareholder in MEXPL such that the share capital of MPL shall be a mirror image of the share capital of MEXPL ;
- (b) MIL shall, without any further act or deed, issue and allot to each shareholder of MEXPL whose names appear in the Register of Members of MEXPL as on the Record Date to be fixed by the Board, 678 (six hundred and seventy eight) equity shares of Rs 10 each of MIL credited as fully paid up (“New MIL Shares”) for every 10 (ten) equity shares of Rs.10 each held by such shareholder in MEXPL.
- 9.2 The shares held between MEXPL and MIL will be cancelled and no shares will be issued in respect thereof.
- 9.3 The New MPL Shares to be issued by MPL on demerger of Real Estate Business and New MIL Shares to be issued by MIL on merger of MEXPL with MIL as provided in Clause 9.1 above shall be subject to the provisions of the Memorandum and Articles of Association of MPL and MIL respectively.
- 9.4 The fractional entitlements, if any shall be rounded off to the nearest integer.
- 9.5 The issue and allotment of the New MPL Shares to be issued by MPL on demerger of Real Estate Business and New MIL Shares to be issued by MIL on merger shall be deemed to have been issued in terms of this Scheme and shall be deemed to have been carried out as if the procedure laid down under section 62 of the Act and any other applicable provisions of the Act have been complied with.

10. CANCELLATION OF SHARES HELD INTERSE MEXPL AND MIL AND SHARES OF MPL

Upon the Scheme becoming effective, MIL shall account for the merger in its books with effect from Appointed Date as under:

- a. The issued, subscribed and paid up equity share capital of MIL to the extent of shares held by MEXPL in MIL shall stand cancelled as on the Effective Date, pursuant to merger of MEXPL into MIL.

- b. The existing shares of MPL shall stand cancelled.
- c. The cancellation of the Share Capital of MIL and MPL as mentioned in sub-clauses (a) and (b) above shall be effected as an integral part of the scheme itself, in accordance with the provisions of Section 66 of the Act and the order of the Tribunal sanctioning the scheme shall be deemed to be an order under provisions of Section 66 of the Act for confirming the reduction and no separate procedure shall be followed under the Act. The cancellation would not involve either a diminution of liability in the respect of the unpaid share capital or payment to any paid up share capital.

11. DIVIDENDS

- 11.1 MEXPL and MPL shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date but only consistent with the past practice, or in the ordinary course.
- 11.2 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of MEXPL and/or MPL to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Boards of MEXPL and MPL respectively, subject to such approval of the shareholders, as may be required.

12 ACCOUNTING TREATMENT IN THE BOOKS OF MEXPL AND MPL

12.1 Accounting treatment in the books of MEXPL

Upon the coming into effect of this Scheme and with effect from appointed date, in accordance with applicable Accounting Standards, Companies Act, 2013 and generally accepted accounting principles in India, the value of all assets and liabilities pertaining to the Real Estate Division which cease to be assets and liabilities of MEXPL shall be reduced by MEXPL at their carrying values and the difference i.e. the excess or shortfall, as the case may be, of the value of transferred assets over the transferred liabilities pertaining to such Undertakings and demerged from MEXPL pursuant to the Scheme shall be adjusted from the reserves of MEXPL in accordance with applicable Accounting Standards, the Act and generally accepted accounting principles in India.

12.2 Accounting treatment in the books of MPL

Upon coming into effect of this scheme and with effect from the appointed Date:

- i) MPL shall record transferred assets and liabilities pertaining to the Real Estate division at the respective carrying values as on the appointed date as appearing in the books of MEXPL;
- ii) MPL shall issue shares to the shareholders of the MEXPL in terms of clause 9.1 of this Scheme. These shares shall be issued and recorded at face value and accordingly the aggregate face value of the shares to be issued shall be credited to MPL's share capital account; and
- iii) the difference, if any, between the value of assets and value of liabilities pertaining to this division, after adjusting the amount credited as share capital shall be (adjusted to the reserves of the company) accounted in accordance with applicable Accounting Standards, the Act and generally accepted accounting principles in India.

12.3 Accounting Treatment of MIL (in relation to Merger of MEXPL with MIL)

- i) Upon the scheme becoming effective, the amalgamation of MEXPL into MIL, shall be accounted as per 'Pooling of Interest Method' as specified in accordance with Appendix C of 'Business Combinations of entities under common control' of C of Indian Accounting Standard (Ind AS 103) under the Companies (Indian Accounting Standards) Rules, 2015;

- ii) MIL upon coming into effect of this scheme, shall record assets, liabilities and reserves relating to MEXPL transferred to and vested in it pursuant to this scheme, at their respective carrying amounts as appearing in the books of MEXPL.
- iii) MIL shall issue shares to the shareholders of the MEXPL in terms of clause 9.1 of this Scheme. These shares shall be issued and recorded at face value and accordingly the aggregate face value of the shares to be issued shall be credited to MIL's share capital account; and
- iv) The value of Investments, if any, held by MIL in MEXPL and by MEXPL in MIL, shall stand cancelled.
- v) The amount of difference between the consideration issued to the shareholders of MEXPL (including cancellation of the investments held by MIL in MEXPL and by MEXPL in MIL, if any) and the carrying value of net assets (including the reserves) would be adjusted against reserves.
- vi) In case of any difference in accounting policy between MEXPL and MIL, the impact of the same will be quantified and the same shall be appropriately adjusted against the Reserves of MIL.
- vii) Comparative accounting period presented in the financial statements of MIL shall be restated for the accounting impact of merger, as stated above, as if the merger had occurred from the beginning of the comparative period in the financial statements.

13. CONDUCT OF BUSINESS

13.1 Inter-se Transactions

With effect from the Appointed Date, all inter-party transactions between the Remaining Undertaking of MEXPL and MIL shall be considered as intra-party transactions for all purposes from the Appointed Date. For the removal of doubt, it is clarified that upon the Scheme coming into effect and with effect from the Appointed Date, to the extent there are inter-corporate loans, deposits, investments, obligation, balances or other outstanding as between the Remaining Undertaking of MEXPL and/or MIL, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Remaining Undertaking of MEXPL and MIL (as the case may be) for the reduction of such income, assets or liabilities as the case may be.

Further, in case the Remaining Undertaking of MEXPL or MIL have paid taxes on any of the above intra-party transactions executed between the Appointed Date and upon the Scheme becoming Effective, then the taxes paid, if any, shall be regarded as taxes paid by MIL and the same shall be allowed as credit in the hands of MIL.

13.2 With effect from the Appointed Date and upto and including the Date on which this Scheme becomes operative:

- (a) MEXPL undertakes to carry on the business of the Real Estate Business in the ordinary course of business and MEXPL shall be deemed to have carried on and to be carrying on all business and activities relating to the Real Estate Business for and on account of and in trust for MPL.
- (b) All profits accruing to MEXPL or losses arising or incurred by it relating to the Real Estate Business for the period falling on and after the Appointed Date shall for all purposes, be treated as the profits or losses, as the case may be, of MPL.
- (c) MEXPL shall be deemed to have held and stood possessed of the properties so to be transferred to MPL under this Scheme for and on account of and in trust for MPL and, accordingly, MEXPL shall not (except with the prior written consent of MPL) alienate, charge or otherwise deal with or dispose of the Real Estate Business or any part thereof except in the usual course of business.

- 13.3 The transfer of the properties and liabilities of the Real Estate Business and the continuance of the proceedings by or against MPL shall not affect any transaction or proceeding already completed by MEXPL on and after the Appointed Date and prior to this Scheme becoming operative to the end and intent that MPL accepts all acts, deeds and things done and executed by and/or on behalf of MEXPL in relation to Real Estate Business as acts, deeds and things done and executed by and on behalf of MPL.
- 13.4 All the taxes and duties payable by MEXPL relating to the Real Estate Business, from the Appointed Date onwards and up to the Effective Date, including advance tax payments, tax deducted at source, tax liabilities or any refunds and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source, self assessment tax, GST, MAT, tax liabilities or refunds and claims of MPL. Accordingly, upon the Scheme becoming effective, MEXPL is expressly permitted to revise and MPL is expressly permitted to file its income tax returns including issuance of tax deducted at source certificates, sales tax/value added tax returns, excise returns, service tax returns and other tax returns, GST returns as may be applicable and to claim refunds/credits, pursuant to the provisions of this Scheme.
- 13.5 With effect from the Appointed Date and upto the Effective Date, in relation to the Remaining Undertaking of MEXPL:
- (a) MEXPL shall carry on its business with reasonable diligence and commercial prudence and in the same manner as it had been doing hitherto;
 - (b) MEXPL shall carry on and shall be deemed to have carried on all their business activities and shall hold and stand possessed and shall be deemed to have held and stood possessed of all the said Assets, rights, title, interests, authorities, contracts, investments and decisions, benefits for and on account of and in trust for MIL;
 - (c) All obligations, liabilities, duties and commitments attached, related or pertaining to MEXPL shall be undertaken and shall be deemed to have been undertaken for and on account of and in trust for MIL;
 - (d) All the profits and incomes accruing or arising to MEXPL and all expenditure or losses arising or incurred by MEXPL shall, for all purposes, be treated and be deemed to be the profits and incomes or expenditures and losses, as the case may be, of MIL; and
- 13.6 MEXPL shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber or otherwise deal with or dispose of the Remaining Undertaking of MEXPL or any part thereof save and except in each case:
- (a) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the concerned Governmental Authority; or
 - (b) if the same is expressly permitted by this Scheme; or
 - (c) if the prior written consent of the Board of Directors of MIL has been obtained.
- 13.7 With effect from the Effective Date, MIL shall carry on and shall be authorised to carry on the business of MEXPL and till such time as the name of account holder in the bank accounts of MEXPL is substituted by the bank in the name of MIL, MIL shall be entitled to operate such bank accounts of MEXPL, in its name, in so far as may be necessary.

14. DISSOLUTION WITHOUT WINDING UP OF MEXPL

Upon the coming into effect of this Scheme, MEXPL shall stand dissolved without winding up.

15. COMPLIANCE WITH TAX LAWS

15.1 With regard to demerger of Real Estate Business from MEXPL to MPL, the same is in compliance with the conditions relating to “demerger” as specified under Section 2(19AA) of the Income-tax Act, 1961 (‘IT Act’). If any terms or provisions related to demerger of Real Estate Business from MEXPL to MPL are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said Section of the IT Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the IT Act.

Further, with regard to merger of MEXPL into MIL, the same is in compliance with the conditions relating to “merger” as specified under Section 2(1B) of the Income-tax Act, 1961 (‘IT Act’). If any terms or provisions related to merger of MEXPL into MIL are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said Section of the IT Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the IT Act.

15.2 To the extent required, MEXPL, MPL and MIL (as the case may be) are expressly permitted to revise, its financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961 (‘IT Act’) (including for the purpose of re-computing tax on book profits and claiming other tax benefits), service tax law and other tax laws, and to claim refunds and/or credits for taxes paid, and to claim tax benefits etc. and for matters incidental thereto, if required to give effect to the provisions of the Scheme from the Appointed Date.

15.3 Any refund under Income-tax Act, 1961, Customs Act 1962, Service Tax laws, Goods and Service Tax, State Value Added Tax laws or other applicable laws/ regulations dealing with direct taxes / indirect taxes/ duties/ levies allocable or related to the Real Estate Business of MEXPL or the Remaining Undertaking of MEXPL consequent to the assessment made on MEXPL for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by MPL or MIL (as the case may be).

15.4 Obligation for deduction of tax at source on any payment relating to Real Estate Business or Remaining Undertaking of MEXPL made by or to be made by MEXPL under the IT Act, Goods and Service Tax, service tax laws, customs law, state value added tax or other applicable laws / regulations dealing with taxes/ duties / levies on or after Appointed Date but before Effective Date shall be made or deemed to have been made and duly complied with by MPL or MIL (as the case may be).

15.5 Without prejudice to the generality of the above, all benefits, incentives, tax losses, credits (including, without limitation income tax, goods and service tax, applicable state value added tax, tax deducted at source etc.) relating to the Real Estate Business or Remaining Undertaking of MEXPL shall be available to and vest in MPL or MIL (as the case may be).

15.6 All deductions otherwise admissible to MEXPL including payment admissible on actual payment or on deduction of appropriate taxes or on payment or tax deducted at source (such as under Sections 40, 40A, 43B, etc of the Income-tax Act, 1961) shall be available for deduction to MPL or MIL (as the case may be) as it would have been available to MEXPL.

PART – III
(Demerger of IT & Software Business of MSL into MCSL and merger of MSL into MIL)

16. TRANSFER OF ASSETS AND LIABILITIES

16.1 (a) Upon the Scheme becoming effective and with effect from the Appointed Date and subject to the mode of transfer and vesting of the IT & Software Business, the IT & Software Business of MSL) shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to have been transferred to and vested in MCSL on a going concern basis, so as to become, on and from the Appointed Date, the estate, assets, rights, title, interest, property and authorities of MCSL, pursuant to Sections 230 and 232 of the Act and all other applicable provisions, if any, of the Act and in accordance with the provisions of Section 2(19AA) of the Income-tax Act, 1961.

(b) Post the demerger of IT & Software Business of MSL and as an integral part of this Scheme, with effect from the Appointed Date, and subject to the provisions of this Scheme in relation to the mode of transfer and vesting of the Remaining Undertaking of MSL, MSL shall be merged into MIL and the Remaining Undertaking of MSL shall, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in MIL on a going concern basis, so as to become on and from the Appointed Date, the estate, assets, rights, title, interest and authorities of MIL, pursuant to Section 232 of the Act and all other applicable provisions, if any, of the Act and in accordance with the provisions of Section 2(1B) of the Income-tax Act, 1961.

16.2 Without prejudice to the generality of Clause 16.1 above, on and from the Appointed Date:

16.2.1(a) the IT & Software Business of MSL, including all its assets, properties, investments, shareholding interests in other companies, claims, title, interest, assets of whatsoever nature such as licences and all other rights, title, interest, contracts or powers of every kind, nature and description of whatsoever nature and wheresoever situated shall, pursuant to the provisions of Section 232 and other applicable provisions, if any, of the Act, and pursuant to the order of the Tribunal sanctioning this Scheme and without further act or deed or instrument, but subject to the charges affecting the same as on the Appointed Date, be and stand transferred to and vested in MCSL as a going concern.

(b) Furthermore, Post demerger of the IT & Software Business of MSL, the Remaining Undertaking of MSL, including all assets, properties, investments, shareholding interests in other companies, claims, title, interest, assets of whatsoever nature such as licences and all other rights, title, interest, contracts or powers of every kind, nature and description of whatsoever nature and wheresoever situated shall, pursuant to the provisions of Section 232 and other applicable provisions, if any, of the Act, and pursuant to the order of the Tribunal sanctioning this Scheme and without further act or deed or instrument, but subject to the charges affecting the same as on the Appointed Date, be and stand transferred to and vested in MIL as a going concern.

16.2.2(a) with respect to the assets forming part of the IT & Software Business of MSL that are movable in nature or are otherwise capable of being transferred by manual delivery or by paying over or endorsement and/or delivery, the same may be so transferred by MSL without any further act or execution of an instrument with the intent of vesting such assets with MCSL.

(b) Likewise, post demerger of IT & Software Business of MSL, with respect to the assets of MSL that are movable in nature or are otherwise capable of being transferred by manual delivery or by paying over or endorsement

and/or delivery, the same may be so transferred by MIL without any further act or execution of an instrument with the intent of vesting such assets with MIL.

16.2.3(a) all immoveable properties, whether or not recorded in the books of MSL, pertaining to the IT & Software Business, whether freehold or leasehold (including but not limited to land, buildings, sites and immovable properties and any other document of title, rights, interest and easements in relation thereto) of the IT & Software Business shall stand transferred to and be vested in MCSL, without any act or deed.

(b) Post demerger of IT & Software Business of MSL, all immoveable properties, whether or not included in the books of MSL, whether freehold or leasehold (including but not limited to land, buildings, sites and immovable properties and any other document of title, rights, interest and easements in relation thereto) comprised in the Remaining Undertaking of MSL shall stand transferred to and be vested in MIL, without any act or deed.

16.2.4(a) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the IT & Software Business occurs by virtue of this Scheme, MCSL may, at any time on or after the Appointed Date, in accordance with the provisions hereof, if so required under any applicable law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which MIL is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. MCSL shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of MSL to carry out or perform all such formalities or compliances referred to above on the part of MSL.

(b) Post demerger of IT & Software Business of MSL and without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Remaining Undertaking of MSL occurs by virtue of this Scheme, MIL may, at any time on or after the Appointed Date, in accordance with the provisions hereof, if so required under any applicable law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which MSL is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. MIL shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of MSL to carry out or perform all such formalities or compliances referred to above on the part of MSL.

16.2.5(a) all debts (secured or unsecured), liabilities, loans raised, obligations incurred, duties of any kind, nature or description, if any, (including contingent liabilities which arise out of the activities or operations of MSL) of MSL as on the Appointed Date and relating to the IT & Software Business ("Liabilities") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to MCSL to the extent that they are outstanding as on the Appointed Date and shall become the debts, liabilities, loans, obligations and duties of MCSL which shall meet, discharge and satisfy the same.

(b) Post demerger of IT & Software Business of MSL, all debts, liabilities, loans raised, obligations incurred, duties of any kind, nature or description, if any, (including contingent liabilities which arise out of the activities or operations of MSL) of MSL pertaining to the Remaining Undertaking of MSL as on the Appointed Date shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to MIL to the extent that they are outstanding as on the Appointed Date and shall become the debts, liabilities, loans, obligations and duties of MIL which shall meet, discharge and satisfy the same.

16.2.6 in so far as any encumbrance in respect of Transferred Liabilities is concerned, such encumbrance shall, without any further act, instrument or deed being required be modified and shall be extended to and shall operate

only over the assets comprised in the IT & Software Business which may have been encumbered in respect of the Transferred Liabilities as transferred to MCSL pursuant to this Scheme. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the IT & Software Business of MSL are concerned, the encumbrance, if any, over such assets relating to the Transferred Liabilities, without any further act, instrument or deed being required, be released and discharged from the obligations and encumbrances relating to the same. Further, in so far as the assets comprised in the IT & Software Business are concerned, the encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to MCSL pursuant to this Scheme and which shall continue with MSL, shall without any further act or deed be released from such encumbrance and shall no longer be available as security in relation to such liabilities;

- 16.2.7(a) in so far as the various incentives, tax exemption and all benefits (including the amount of loss brought forward and unabsorbed depreciation as per books of account, accumulated losses and allowance for unabsorbed depreciation, as per the provisions of Section 72A and other applicable provisions of the Income Tax Act, 1961), incentives, income tax, minimum alternate tax i.e. tax on book profits, tax credits (including but not limited to minimum alternate tax paid under Section 115JA/115JB of the Income Tax Act, 1961 and the right to claim credit therefore in accordance with the provisions of Section 115JAA of the Income Tax Act, 1961, right to claim credit in respect of all advance taxes, tax deducted at source, tax collected at source, all other rights including indirect taxes, credits in respect of value added tax, sales tax, CENVAT credits, goods and services tax, etc), subsidies, grants, special status and other benefits or privileges enjoyed, granted by any Appropriate Authority, or eligible to MSL or availed of by MSL, in relation to or in connection with the IT & Software Business as on the Appointed Date are concerned, including income tax deductions, recognitions and exemptions, the same shall, without any further act or deed, vest with and be available to MCSL on the same terms and conditions on and from the Appointed Date.
- (b) Post demerger of IT & Software Business of MSL, in so far as the various incentives, tax exemption and all benefits tax credits, subsidies, grants, special status and other benefits or privileges enjoyed, granted by any Appropriate Authority, or availed of by MSL or eligible to MSL as on the Appointed Date in relation to Remaining Undertaking of MSL are concerned, including income tax deductions, recognitions and exemptions, the same shall, without any further act or deed, vest with and be available to MIL on the same terms and conditions on and from the Appointed Date.
- 16.2.8(a) any tax liabilities under Customs Act, 1962, Central Excise Act, 1944, value added tax laws, as applicable to any State in which MSL operates, Central Sales Tax Act, 1956, any other State sales tax / value added tax laws, or service tax, or corporation tax, income tax, GST, or other Applicable Laws and regulations dealing with taxes/ duties/ levies/cess (hereinafter in this Clause 16.2 referred to as "Tax Laws") to the extent not provided for or covered by tax provision in MSL's accounts, in relation to or in connection with the IT & Software Business, made as on the date immediately preceding the Appointed Date shall be transferred to MCSL. Any surplus in the provision for taxation/ duties/ levies account as on the date immediately preceding the Appointed Date in relation to the IT & Software Business will also be transferred to the account of and belong to MCSL.
- (b) post demerger of IT & Software Business of MSL, any tax liabilities under Tax Laws in relation to the Remaining Undertaking of MSL to the extent not provided for or covered by tax provision in MSL's accounts, made as on the date immediately preceding the Appointed Date shall be transferred to MIL. Any surplus in the provision for taxation/ duties/ levies account as on the date immediately preceding the Appointed Date will also be transferred to the account of and belong to MIL.
- 16.2.9(a) any claims due to MSL from its customers or otherwise and which have not been received by MIL as on the date immediately preceding the Appointed Date as the case may be, in relation to or in connection with the IT & Software Business, shall also belong to and be received by MCSL.

- (b) Post demerger of IT & Software Business of MSL, any claims due to MSL from its customers or otherwise and which have not been received by the Remaining Undertaking of MSL as on the date immediately preceding the Appointed Date as the case may be, shall also belong to and be received by MIL.
- 16.2.10(a) all debentures, bonds, other debt securities and other instruments of like nature (whether convertible into equity shares or not), if any, issued to/held by MSL in relation to the IT & Software Business, shall, upon coming into effect of this Scheme pursuant to the provisions of Sections 230 to 232 and other relevant provisions of the Act, without any further act, instrument or deed shall stand transferred to and vested in or be deemed to have been transferred to and vested in MCSL.
- (b) Post demerger of IT & Software Business of MSL, all debentures, bonds, other debt securities and other instruments of like nature (whether convertible into equity shares or not), if any issued to/held by MSL pertaining to the Remaining Undertaking of MSL, shall, upon coming into effect of this Scheme pursuant to the provisions of Sections 230 to 232 and other relevant provisions of the Act, without any further act, instrument or deed shall stand transferred to and vested in or be deemed to have been transferred to and vested in MIL.
- 16.2.11 (a) with respect to the investments made by MSL in shares, stocks, bonds, warrants, units of mutual fund or any other securities, shareholding interests in other companies, co-operative society certificates, if any, whether quoted or unquoted, by whatever name called, forming part of the IT & Software Business, the same shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in MCSL on the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.
- (b) post demerger of the IT & Software Business of MSL, with respect to the investments made by MSL pertaining to the Remaining Undertaking of MSL in shares, stocks, bonds, warrants, units of mutual fund or any other securities, shareholding interests in other companies, whether quoted or unquoted, by whatever name called, the same shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in MIL on the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.
- 16.2.12(a) MCSL shall be entitled to get credit/claim refund regarding any tax paid (including advance tax) and/or tax deduction at source certificates, pertaining to the IT & Software Business. It is specifically provided that if MSL or their successor(s) receives any refunds / credit / claims or incurs any liability in respect of the IT & Software Business, the same shall be on behalf of and as a trustee of MCSL and the same shall be refunded to / paid by MCSL.
- (b) post demerger of the IT & Software Business of MSL, MIL shall be entitled to get credit/claim refund regarding any tax paid (including advance tax) and/or tax deduction at source certificates in relation to the Remaining Undertaking of MSL. It is specifically provided that if MSL or their successor(s) receives any refunds / credit / claims or incurs any liability, the same shall be on behalf of and as a trustee of MIL and the same shall be refunded to / paid by MIL.

17. PERMITS, CONSENTS AND LICENCES

- 17.1 All the licences, permits, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, allotments, insurance cover, clearances, authorities, privileges, affiliations, easements, rehabilitation schemes, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued to MSL, in relation to or in connection with the IT & Software Business, including all quality certifications and approvals, trademarks, brands, patents and domain names, copyrights, industrial designs, trade secrets, source codes, trade formulae, and other intellectual property and all other interests

relating to the goods or services being dealt with by MSL in relation to the IT & Software Business, shall pursuant to the provisions of Sections 230 to 232 of the Act and without any further act, instrument or deed, be transferred to and vest in or be deemed to have been transferred to and vested in and be available to MCSL so as to become as and from the Appointed Date, the estates, assets, rights, title, interests and authorities of MCSL and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible in Applicable Law.

Upon the Appointed Date and until the said licences, permits, quotas, approvals, incentives, subsidies, rights, claims, etc. are transferred, vested, recorded, effected, and/or perfected, in the record of the Appropriate Authority, in favour of MCSL, MCSL is authorized to carry on business in the name and style of MSL, in relation to or in connection with the IT & Software Business, and under the relevant licence and or permit and / or approval, as the case may be, and MCSL shall keep a record and/or account of such transactions.

- 17.2 Post demerger of licences and permits as mentioned in sub-paragraph (a) above relating to demerger of IT & Software Business above, all the licences, permits, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, allotments, insurance cover, clearances, authorities, privileges, affiliations, easements, rehabilitation schemes, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued to MSL pertaining to the Remaining Business of MSL, including all quality certifications and approvals, trademarks, brands, patents and domain names, copyrights, industrial designs, trade secrets, trade formulae, and other intellectual property and all other interests relating to the goods or services being dealt with by MSL, shall pursuant to the provisions of Sections 230 to 232 of the Act and without any further act, instrument or deed, be transferred to and vest in or be deemed to have been transferred to and vested in and be available to MIL so as to become as and from the Appointed Date, the estates, assets, rights, title, interests and authorities of MIL and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible in Applicable Law.

Upon the Appointed Date and until the said licences, permits, quotas, approvals, incentives, subsidies, rights, claims, etc. are transferred, vested, recorded, effected, and/or perfected, in the record of the Appropriate Authority, in favour of MIL, MSL is authorized to carry on business in the name and style of MIL, and under the relevant licence and or permit and / or approval, as the case may be, and MIL shall keep a record and/or account of such transactions.

18. EMPLOYEES

- 18.1 Upon the effectiveness of this Scheme and with effect from the Appointed Date, MCSL undertakes to engage all the employees of MSL, engaged in or in relation to the IT & Software Business, on the same terms and conditions on which they are engaged by MSL without any interruption of service as a result of transfer of the IT & Software Business to MCSL. MCSL agrees that the services of all such employees with MSL prior to the demerger shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits and to this effect the accumulated balances, if any, standing to the credit of the employees in the existing provident fund, gratuity fund and superannuation fund of which they are members will be transferred to such provident fund, gratuity fund and superannuation funds nominated by MCSL and/or such new provident fund, gratuity fund and superannuation fund to be established and caused to be recognized by the Appropriate Authorities, by MCSL, or to the government provident fund in relation to the employees of MIL who are not eligible to become members of the provident fund maintained by MCSL. In relation to those employees who are not covered under the provident fund trust of MCSL, and for whom MSL is making contributions to the government

provident fund, MCSL shall stand substituted for MSL, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such employees.

- 18.2 post demerger of the IT & Software Business of MSL and upon the effectiveness of this Scheme and with effect from the Appointed Date, MIL undertakes to engage all the employees of MSL on the same terms and conditions on which they are engaged by MSL without any interruption of service as a result of transfer of the Remaining Undertaking of MSL to MIL. The services of all such employees with MSL prior to the merger shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits and to this effect the accumulated balances, if any, standing to the credit of the employees in the existing provident fund, gratuity fund and superannuation fund of which they are members will be transferred to such provident fund, gratuity fund and superannuation funds nominated by MIL and/or such new provident fund, gratuity fund and superannuation fund to be established and caused to be recognized by the Appropriate Authorities, by MIL, or to the government provident fund in relation to the employees of MIL who are not eligible to become members of the provident fund maintained by MIL. In relation to those employees who are not covered under the provident fund trust of MSL and for whom MSL is making contributions to the government provident fund, MIL shall stand substituted for MSL, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such employees.

Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the employees would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of MSL.

19. CONTRACTS, LICENCES, APPROVALS

- 19.1 Upon the Scheme becoming effective and with effect from the Appointed Date, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature relating to the IT & Software Business to which MSL is a party subsisting or having effect immediately before this Scheme becomes operative shall remain in full force and effect against or in favour of MCSL, as the case may be and may be enforced as fully and effectually as if instead of MSL, MCSL had been a party thereto.
- 19.2 Post demerger of the IT & Software Business of MSL and upon the Scheme becoming effective and with effect from the Appointed Date, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which MSL (pertaining to the Remaining Undertaking of MSL) is a party subsisting or having effect immediately before this Scheme becomes operative shall remain in full force and effect against or in favour of MIL, as the case may be and may be enforced as fully and effectually as if instead of MSL, MIL had been a party thereto.

20. PROCEEDINGS

- 20.1 If any suit, cause of actions, appeal or other legal, taxation, quasi-judicial, arbitral, administrative, or other proceedings of whatever nature, under any Applicable Law (hereinafter referred to as the "Proceedings") by or against MSL be pending, in relation to or in connection with the IT & Software Business, on the Appointed Date, the same shall not abate, be discontinued or be in anyway prejudicially affected by reason of the transfer and vesting of the IT & Software Business or of anything contained in the Scheme, but such Proceedings may be continued, prosecuted, defended and enforced by or against MCSL in the same manner and to the same extent

as it would or might have been continued, prosecuted and enforced by or against MSL as if the Scheme had not been made. On and from the Appointed Date, MCSL may initiate any Proceedings for and on behalf of MSL for matters relating to or in connection with the IT & Software Business. MCSL shall have/all Proceedings initiated by or against MSL with respect to the IT & Software Business, transferred into its name and to have the same continued, prosecuted and enforced by or against MCSL to the exclusion of MSL.

- 20.2 Further, Post demerger of the IT & Software of MSL, if any Proceeding by or against MSL (pertaining to the Remaining Undertaking of MSL) be pending, on the Appointed Date, the same shall not abate, be discontinued or be in anyway prejudicially affected by reason of the transfer and vesting of MSL or of anything contained in the Scheme, but such Proceedings may be continued, prosecuted, defended and enforced by or against MSL in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against MSL as if the Scheme had not been made. On and from the Appointed Date, MIL may initiate any Proceedings for and on behalf of MSL. MIL shall have/all Proceedings initiated by or against MSL with respect to the Remaining Undertaking of MSL, transferred into its name and to have the same continued, prosecuted and enforced by or against MIL to the exclusion of MSL.

21. CONSIDERATION

- 21.1 Upon the effectiveness of this Scheme and in consideration of the transfer and vesting of the IT & Software Business of MSL into MCSL and merger of MSL with MIL pursuant to provisions of this Scheme:
- (a) MCSL shall, without any further act or deed, issue and allot to each shareholder of MSL whose names appear in the Register of Members of MSL as on the Record Date to be fixed by the Board, 1 (one) equity share of Rs 10 each of MCSL credited as fully paid up ("New MCSL Shares") for every 1 (one) equity share of Rs.10 each held by such shareholder in MSL such that the share capital of MCSL shall be a mirror image of the share capital of MSL.
 - (b) MIL shall, without any further act or deed, issue and allot to each shareholder of MSL whose names appear in the Register of Members of MSL as on the Record Date to be fixed by the Board, 21 (twenty one) equity shares of Rs 10 each of MIL credited as fully paid up ("New MIL Shares") for every 10 (ten) equity shares of Rs.10 each held by such shareholder in MSL.
- 21.2 The shares held between MSL and MIL will be cancelled and no shares will be issued in respect thereof.
- 21.3 The New MCSL Shares to be issued by MCSL on demerger of IT and Software Business and New MIL Shares to be issued by MIL on merger of MSL with MIL as provided in Clause 21.1 above shall be subject to the provisions of the Memorandum and Articles of Association of MCSL and MIL respectively.
- 21.4 The fractional entitlements, if any shall be rounded off to the nearest integer.
- 21.5 The New MCSL Shares to be issued and allotted to the shareholders of MSL and New MIL Shares to be issued and allotted to the shareholders of MSL shall be in dematerialised form and the shareholders will open an account with depository participant for the said purpose and shall provide such details to MCSL and MSL as may be required to enable them to issue shares in dematerialised form.
- 21.6 The issue and allotment of the New MCSL Shares to be issued by MCSL on demerger and New MIL Shares to be issued by MIL on merger shall be deemed to have been issued in terms of this Scheme and shall be deemed to have been carried out as if the procedure laid down under section 62 of the Act and any other applicable provisions of the Act have been complied with.

22. CANCELLATION OF SHARES HELD INTERSE MSL AND MIL AND SHARES OF MCSL

Upon the Scheme becoming effective, MIL shall account for the merger in its books with effect from Appointed Date as under:

- (a) The issued, subscribed and paid up equity share capital of MSL and MIL to the extent of shares held by MIL in MSL and MSL in MIL shall stand cancelled as on the Effective Date, pursuant to merger of MSL into MIL.
- (b) The existing shares of MCSL shall stand cancelled.
- (c) The cancellation of the Share Capital of MSL, MIL and MCSL as mentioned in sub-clauses (a) and (b) above shall be effected as an integral part of the scheme itself, in accordance with the provisions of Section 66 of the Act and the order of the Tribunal sanctioning the scheme shall be deemed to be an order under provisions of Section 66 of the Act for confirming the reduction and no separate procedure shall be followed under the Act. The cancellation would not involve either a diminution of liability in the respect of the unpaid share capital or payment to any paid up share capital.

23. DIVIDENDS

23.1 MCSL and MSL shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date but only consistent with the past practice, or in the ordinary course.

23.2 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of MCSL and/or MSL to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Boards of MCSL and MSL respectively, subject to such approval of the shareholders, as may be required.

24. ACCOUNTING TREATMENT IN THE BOOKS OF MSL AND MCSL

24.1 Accounting treatment in the books of MSL

Upon the coming into effect of this Scheme and with effect from Appointed Date, in accordance with applicable Accounting Standards, Companies Act, 2013 and generally accepted accounting principles in India, the value of all assets and liabilities pertaining to the IT & Software Division which cease to be assets and liabilities of MSL shall be reduced by MSL at their carrying values and the difference i.e. the excess or shortfall, as the case may be, of the value of transferred assets over the transferred liabilities pertaining to such Undertakings and demerged from MSL pursuant to the Scheme shall be adjusted from the reserves of MSL in accordance with applicable Accounting Standards, the Act and generally accepted accounting principles in India.

24.2 Accounting treatment in the books of MCSL (on demerger of IT & Software Business of MSL into MCSL):

Upon coming into effect of this scheme and with effect from the Appointed Date:

- a) MCSL shall record transferred assets and liabilities pertaining to the IT & Software division at the respective carrying values as on the appointed as appearing in the books of MSL;
- b) MCSL shall issue shares to the shareholders of the MSL as in terms of clause 21.1 of this Scheme. These shares shall be issued and recorded at face value and accordingly the aggregate face value of the shares to be issued shall be credited to MCSL's share capital account; and
- c) the difference, if any, between the value of assets and value of liabilities pertaining to this division, after adjusting the amount credited as share capital shall be (adjusted to the reserves of the company)

accounted in accordance with applicable Accounting Standards, the Act and generally accepted accounting principles in India.

24.3 Accounting treatment in the books of MIL (on merger of MSL with MIL):

- a) Upon the scheme becoming effective, the amalgamation of MSL into MIL, shall be accounted as per 'Pooling of Interest Method' as specified in accordance with Appendix C of 'Business Combinations of entities under common control' of C of Indian Accounting Standard (Ind AS 103) under the Companies (Indian Accounting Standards) Rules, 2015;
- b) Upon coming into effect of this scheme, MIL shall record assets, liabilities and reserves relating to MSL transferred to and vested in it pursuant to this scheme, at their respective carrying amounts as appearing in the books of MSL;
- c) MIL shall issue shares to the shareholders of the MSL as in terms of clause 21 of this Scheme. These shares shall be issued and recorded at face value and accordingly the aggregate face value of the shares to be issued shall be credited to MIL's share capital account; and
- d) The value of Investments, if any, held by MIL in MSL and by MSL in MIL, shall stand cancelled.
- e) The amount of difference between the consideration issued to the shareholders of MSL (including cancellation of the investments held by MIL in MSL and by MSL in MIL, if any) and the carrying value of net assets (including the reserves) would be adjusted against reserves.
- f) In case of any difference in accounting policy between MSL and MIL, the impact of the same will be quantified and the same shall be appropriately adjusted against the Reserves of MIL.
- g) Comparative accounting period presented in the financial statements of MIL shall be restated for the accounting impact of merger, as stated above, as if the merger had occurred from the beginning of the comparative period in the financial statements.

25. CONDUCT OF BUSINESS

25.1 Inter-se Transactions

With effect from the Appointed Date, all inter-party transactions between Remaining Undertaking of MSL and MIL shall be considered as intra-party transactions for all purposes from the Appointed Date. For the removal of doubt, it is clarified that upon the Scheme coming into effect and with effect from the Appointed Date, to the extent there are inter-corporate loans, deposits, investments, obligation, balances or other outstanding as between Remaining Undertaking of MSL and/or MIL, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Remaining Undertaking of MSL and MIL (as the case may be) for the reduction of such income, assets or liabilities as the case may be.

Further, in case the Remaining Undertaking of MSL or MIL have paid taxes on any of the above intra-party transactions executed between the Appointed Date and upon the Scheme becoming Effective, then the taxes paid, if any, shall be regarded as taxes paid by MIL and the same shall be allowed as credit in the hands of MIL.

25.2. With effect from the Appointed Date and upto and including the Date on which this Scheme becomes operative:

- (a) MSL undertakes to carry on the business of the IT & Software Business in the ordinary course of business and MSL shall be deemed to have carried on and to be carrying on all business and activities relating to the IT & Software Business for and on account of and in trust for MSL.

- (b) All profits accruing to MSL or losses arising or incurred by it relating to the IT & Software Business for the period falling on and after the Appointed Date shall for all purposes, be treated as the profits or losses, as the case may be, of MCSL.
 - (c) MSL shall be deemed to have held and stood possessed of the properties so to be transferred to MCSL under this Scheme for and on account of and in trust for MCSL and, accordingly, MSL shall not (except with the prior written consent of MCSL) alienate, charge or otherwise deal with or dispose of the IT & Software Business or any part thereof except in the usual course of business.
- 25.3 The transfer of the properties and liabilities of the IT & Software Business and the continuance of the proceedings by or against MCSL shall not affect any transaction or proceeding already completed by MSL on and after the Appointed Date and prior to this Scheme becoming operative to the end and intent that MCSL accepts all acts, deeds and things done and executed by and/or on behalf of MSL in relation to IT & Software Business as acts, deeds and things done and executed by and on behalf of MCSL.
- 25.4 All the taxes and duties payable by MSL relating to the IT & Software Business, from the Appointed Date onwards and up to the Effective Date, including advance tax payments, tax deducted at source, tax liabilities or any refunds and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source, tax liabilities or refunds and claims of MCSL. Accordingly, upon the Scheme becoming effective, MSL is expressly permitted to revise and MCSL is expressly permitted to file its income tax returns including tax deducted at source certificates, sales tax/value added tax returns, excise returns, service tax returns, GST and other tax returns, as may be applicable and to claim refunds/credits, pursuant to the provisions of this Scheme.
- 25.5 With effect from the Appointed Date and upto the Effective Date:
- (a) MSL shall carry on its business with reasonable diligence and commercial prudence and in the same manner as it had been doing hitherto;
 - (b) MSL shall carry on and shall be deemed to have carried on all their business activities and shall hold and stand possessed and shall be deemed to have held and stood possessed of all the said Assets, rights, title, interests, authorities, contracts, investments and decisions, Benefits for and on account of and in trust for MIL;
 - (c) All obligations, Liabilities, duties and commitments attached, related or pertaining to MSL shall be undertaken and shall be deemed to have been undertaken for and on account of and in trust for MIL;
 - (d) All the profits and incomes accruing or arising to MSL and all expenditure or losses arising or incurred by MSL shall, for all purposes, be treated and be deemed to be the profits and incomes or expenditures and losses, as the case may be, of MIL.
- 25.6 MSL shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber or otherwise deal with or dispose of any Remaining Undertaking of MSL or any part thereof save and except in each case:
- (a) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the concerned Governmental Authority; or
 - (b) if the same is expressly permitted by this Scheme; or
 - (c) if the prior written consent of the Board of Directors of MIL has been obtained.
- 25.7 With effect from the Effective Date, MIL shall carry on and shall be authorised to carry on the business of MSL and till such time as the name of account holder in the bank accounts of MSL is substituted by the bank in the name of MIL, MSL shall be entitled to operate such bank accounts of MIL, in its name, in so far as may be necessary.

26. DISSOLUTION WITHOUT WINDING UP OF MSL

Upon the coming into effect of this Scheme, MSL shall stand dissolved without winding up.

27. COMPLIANCE WITH TAX LAWS

27.1 With regard to demerger of IT & Software Business from MSL to MCSL, the same is in compliance with the conditions relating to “demerger” as specified under Section 2(19AA) of the Income-tax Act, 1961 (‘IT Act’). If any terms or provisions related to demerger of IT & Software Business from MSL to MCSL are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said Section of the IT Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the IT Act.

Further, with regard to merger of MSL into MIL, the same is in compliance with the conditions relating to “merger” as specified under Section 2(1B) of the Income-tax Act, 1961 (‘IT Act’). If any terms or provisions related to merger of MSL into MIL are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said Section of the IT Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the IT Act.

27.2 On or after the Effective Date, MSL, MCSL and MIL (as the case may be) are expressly permitted to revise, its financial statements and returns along with prescribed forms, filings and annexures under the IT Act (including for the purpose of re-computing tax on book profits and claiming other tax benefits), service tax law and other tax laws, and to claim refunds and/or credits for taxes paid, and to claim tax benefits etc. and for matters incidental thereto, if required to give effect to the provisions of the Scheme from the Appointed Date.

27.3 Any refund under the Income-tax, Act 1961, Customs Act 1962, Service Tax laws, Goods and Service Tax, State Value Added Tax laws or other applicable laws/ regulations dealing with direct taxes / indirect taxes/ duties/ levies allocable or related to the IT & Software Business of MSL or the Remaining Undertaking of MSL consequent to the assessment made on MSL for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by MCSL or MIL (as the case may be).

27.4 Obligation for deduction of tax at source on any payment relating to IT & Software Business or Remaining Undertaking of MSL made by or to be made by MSL under the IT Act, Goods and Service Tax, service tax laws, customs law, state value added tax or other applicable laws / regulations dealing with taxes/ duties / levies on or after Appointed Date but before Effective Date shall be made or deemed to have been made and duly complied with by MCSL or MIL (as the case may be).

27.5 Without prejudice to the generality of the above, all benefits, incentives, tax losses, credits (including, without limitation, income-tax, goods and service tax, applicable state value added tax, tax deducted at source etc.) relating to the IT & Software Business or the Remaining Business of MSL shall be available to and vest in MCSL or MIL (as the case may be).

27.6 All deductions otherwise admissible to MSL including payment admissible on actual payment or on deduction of appropriate taxes or on payment or tax deducted at source (such as under Sections 40, 40A, 43B, etc of the Income-tax Act, 1961) shall be available for deduction to MCSL or MIL (as the case may be) as it would have been available to MSL.

PART IV
(MERGER OF MPPL WITH MIL)

28. TRANSFER OF ASSETS AND LIABILITIES

- 28.1 With effect from the Appointed Date, and subject to the provisions of this Scheme in relation to the mode of transfer and vesting of the Undertaking of MPPL, MPPL shall without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in MIL on a going concern basis by way of merger, so as to become on and from the Appointed Date, the estate, assets, rights, title, interest and authorities of MIL, pursuant to Section 232 of the Act and all other applicable provisions, if any, of the Act and in accordance with the provisions of Section 2(1B) of the Income-tax Act, 1961.
- 28.2 Without prejudice to the generality of Clause 28.1 above, on and from the Appointed Date:
- 28.2.1 The Undertaking of MPPL, including all assets, properties, investments, shareholding interests in other companies, claims, title, interest, assets of whatsoever nature such as licences and all other rights, title, interest, contracts or powers of every kind, nature and description of whatsoever nature and wheresoever situated shall, pursuant to the provisions of Section 232 and other applicable provisions, if any, of the Act, and pursuant to the order of the Tribunal sanctioning this Scheme and without further act or deed or instrument, but subject to the charges affecting the same as on the Appointed Date, be and stand transferred to and vested in MIL as a going concern. It is hereby clarified that the charges on the assets of MPPL which are being transferred to MIL shall be limited to the assets of MPPL only and shall not affect the assets of MIL.
- 28.2.2 With respect to the assets of MPPL that are movable in nature or are otherwise capable of being transferred by manual delivery or by paying over or endorsement and/or delivery, the same may be so transferred by MPPL without any further act or execution of an instrument with the intent of vesting such assets with MIL.
- 28.2.3 all immoveable properties, whether or not included in the books of MPPL, whether freehold or leasehold (including but not limited to land, buildings, sites and immovable properties and any other document of title, rights, interest and easements in relation thereto) shall stand transferred to and be vested in MIL, without any act or deed.
- 28.2.4 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Undertaking of MPPL occurs by virtue of this Scheme, MIL may, at any time on or after the Appointed Date, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (inducing deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which MPPL is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. MIL shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of MPPL to carry out or perform all such formalities or compliances referred to above on the part of MPPL.
- 28.2.5 All debts (including secured and unsecured), liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities which arise out of the activities or operations of MPPL) of MPPL as on the Appointed Date shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to MIL to the extent that they are outstanding as on the Appointed Date and shall become the debts, liabilities, loans, obligations and duties of MIL which shall meet, discharge and satisfy the same.
- 28.2.6 In so far as the various incentives, tax exemption and all benefits (including the amount of loss brought forward

and unabsorbed depreciation as per books of account, accumulated losses and allowance for unabsorbed depreciation, as per the provisions of Section 72A and other applicable provisions of the Income Tax Act, 1961), incentives, income tax, minimum alternate tax i.e. tax on book profits, tax credits (including but not limited to minimum alternate tax paid under Section 115JA/115JB of the Income Tax Act, 1961 and the right to claim credit therefore in accordance with the provisions of Section 115JAA of the Income Tax Act, 1961, right to claim credit in respect of all advance taxes, tax deducted at source, tax collected at source, all other rights including indirect taxes, credits in respect of value added tax, sales tax, CENVAT credits, goods and services tax, etc) , subsidies, grants, special status and other benefits or privileges enjoyed, granted by any Appropriate Authority, or availed of by MPPL or eligible to MPPL, tax credits, subsidies, grants, special status and other benefits or privileges enjoyed, granted by any Appropriate Authority, or availed of by MPPL as on the Appointed Date are concerned, including income tax deductions, recognitions and exemptions, tax holidays, the same shall, without any further act or deed, vest with and be available to MIL on the same terms and conditions on and from the Appointed Date.

- 28.2.7 Any tax liabilities under Income-tax Act, 1961, Goods and Service Tax, Customs Act, 1962, Central Excise Act, 1944, value added tax laws, as applicable to any State in which MPPL operates, Central Sales Tax Act, 1956, any other State sales tax / value added tax laws, or service tax, , or other Applicable Laws and regulations dealing with taxes/ duties/ levies/cess (hereinafter referred to as "Tax Laws") to the extent not provided for or covered by tax provision in MPPL's accounts, made as on the date immediately preceding the Appointed Date shall be transferred to MIL. Any surplus in the provision for taxation/ duties/ levies account as on the date immediately preceding the Appointed Date will also be transferred to the account of and belong to MIL.
- 28.2.8 Any claims due to MPPL from its customers or otherwise and which have not been received by MPPL as on the date immediately preceding the Appointed Date as the case may be, shall also belong to and be received by MIL.
- 28.2.9 All debentures, bonds, other debt securities and other instruments of like nature (whether convertible into equity shares or not), if any, issued to/held by MPPL, shall, upon coming into effect of this Scheme pursuant to the provisions of Sections 230 to 232 and other relevant provisions of the Act, without any further act, instrument or deed shall stand transferred to and vested in or be deemed to have been transferred to and vested in MIL.
- 28.2.10 With respect to the investments made by MPPL in shares, stocks, bonds, warrants, units of mutual fund or any other securities, shareholding interests in other companies, whether quoted or unquoted, by whatever name called, the same shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in MIL on the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.
- 28.2.11 MIL shall be entitled to get credit/claim refund regarding any tax paid (including advance tax) and/or tax deduction at source certificates. It is specifically provided that if MPPL or their successor(s) receives any refunds / credit / claims or incurs any liability, the same shall be on behalf of and as a trustee of MIL and the same shall be refunded to / paid by MIL.

29. PERMITS, CONSENTS AND LICENCES

- 29.1 All the licences, permits, authorisations, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, allotments, insurance cover, clearances, authorities, privileges, affiliations, easements, rehabilitation schemes, special status and other benefits or privileges enjoyed or conferred upon or held or

availed of by and all rights and benefits that have accrued to MPPL, including all quality certifications and approvals, trademarks, brands, patents and domain names, copyrights, industrial designs, trade secrets, source codes, trade formulae, and other intellectual property and all other interests relating to the goods or services being dealt with by MPPL, shall pursuant to the provisions of Sections 230 to 232 of the Act and without any further act, instrument or deed, be transferred to and vest in or be deemed to have been transferred to and vested in and be available to MIL so as to become as and from the Appointed Date, the estates, assets, rights, title, interests and authorities of MIL and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible in Applicable Law.

- 29.2 Upon the Appointed Date and until the said licences, permits, quotas, approvals, incentives, subsidies, rights, claims, etc. are transferred, vested, recorded, effected, and/or perfected, in the record of the Appropriate Authority, in favour of MIL, MPPL is authorized to carry on business in the name and style of MIL, and under the relevant licence and or permit and / or approval, as the case may be, and MPPL shall keep a record and/or account of such transactions.

30. EMPLOYEES

- 30.1 With effect from the Appointed Date, MIL undertakes to engage all the employees of MPPL on the same terms and conditions on which they are engaged by MPPL without any interruption of service as a result of transfer of Undertaking of MPPL to MIL. The services of all such employees with MPPL prior to the merger shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits and to this effect the accumulated balances, if any, standing to the credit of the employees in the existing provident fund, gratuity fund and superannuation fund of which they are members will be transferred to such provident fund, gratuity fund and superannuation funds nominated by MIL and/or such new provident fund and gratuity fund to be established and caused to be recognized by the Appropriate Authorities, by MIL, or to the government provident fund in relation to the employees of MPPL who are not eligible to become members of the provident fund maintained by MIL. In relation to those employees who are not covered under the provident fund trust of MIL and for whom MPPL is making contributions to the government provident fund, MIL shall stand substituted for MPPL, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such employees.
- 30.2 Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the employees would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of MPPL.

31. CONTRACTS, LICENCES, APPROVALS

Upon the scheme becoming effective and with effect from Appointed Date, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which MPPL is a party subsisting or having effect immediately before this Scheme becomes operative shall remain in full force and effect against or in favour of MIL, as the case may be and may be enforced as fully and effectually as if instead of MPPL, MIL had been a party thereto.

32. PROCEEDINGS

If any Proceeding by or against MPPL be pending, on the Appointed Date, the same shall not abate, be discontinued or be in anyway prejudicially affected by reason of the transfer and vesting of MPPL or of anything contained in the Scheme, but such Proceedings may be continued, prosecuted, defended and enforced by or

against MIL in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against MPPL as if the Scheme had not been made. On and from the Appointed Date, MIL may initiate any Proceedings for and on behalf of MPPL. MIL shall have/all Proceedings initiated by or against MPPL, transferred into its name and to have the same continued, prosecuted and enforced by or against MIL to the exclusion of MPPL.

33. CONSIDERATION

33.1 Upon the effectiveness of this Scheme and in consideration of the merger of MPPL with MIL pursuant to provisions of this Scheme:

MIL shall, without any further act or deed, issue and allot to each shareholder of MPPL whose names appear in the Register of Members of MPPL as on the Record Date to be fixed by the Board, 52 (fifty two) equity shares of Rs 10 each of MIL credited as fully paid up ("New MPPL Shares") for every 25 (twenty five) equity shares of Rs.10 each held by such shareholder in MPPL.

33.2 The shares held by MIL in MPPL will be cancelled and no shares will be issued in respect thereof.

33.3 The New MIL Equity Shares to be issued and allotted as provided in Clause 33.1 above shall be subject to the provisions of the Memorandum and Articles of Association of MIL. The New MIL Equity Shares to be issued by MIL shall rank pari passu with the existing equity shares of MIL, including with respect to dividends, bonus entitlements, rights shares entitlements, voting rights and other corporate benefits.

33.4 The fractional entitlements, if any shall be rounded off to the nearest integer.

33.5 The New MIL Equity Shares to be issued and allotted to the shareholders of MPPL shall be in dematerialised form and the shareholders will open an account with depository participant for the said purpose and shall provide such details to MIL as may be required to enable MIL to issue shares in dematerialised form.

33.6 The issue and allotment of the New MIL Equity Shares in terms of this Scheme shall be deemed to have been carried out as if the procedure laid down under section 62 of the Act and any other applicable provisions of the Act have been complied with.

34. CANCELLATION OF SHARES OF MPPL HELD BY MIL

Upon the Scheme becoming effective, MIL shall account for the merger in its books with effect from Appointed Date as under:

34.1 The issued, subscribed and paid up equity share capital of MPPL shall stand cancelled and reduced by the shares held by MIL, as on the Effective Date, pursuant to Merger by Absorption of MPPL into and with MIL.

34.2 On the Scheme becoming effective, the investments of MIL in MPPL shall stand cancelled.

34.3 The cancellation and reduction of the Share Capital of MPPL shall be effected as an integral part of the scheme itself, in accordance with the provisions of Section 66 of the Act and the order of the Tribunal sanctioning the scheme shall deemed to be an order under provisions of Section 66 of the Act for confirming the reduction and no separate procedure shall be followed under the Act. The reduction would not involve either a diminution of liability in the respect of the unpaid share capital or payment to any paid up share capital.

35. ACCOUNTING TREATMENT IN THE BOOKS OF MIL

i) Upon the scheme becoming effective, the amalgamation of MPPL into MIL, shall be accounted as per 'Pooling of Interest Method' as specified in accordance with Appendix C of 'Business Combinations of

entities under common control' of C of Indian Accounting Standard (Ind AS 103) under the Companies (Indian Accounting Standards) Rules, 2015;

- ii) MIL upon coming into effect of this scheme, shall record assets, liabilities and reserves relating to MPPL transferred to and vested in it pursuant to this scheme, at their respective carrying amounts as appearing in the books of MPPL.
- iii) MIL shall issue shares to the shareholders (other than MIL) of the MPPL as in terms of clause 33.1 of this Scheme. These shares shall be issued and recorded at face value and accordingly the aggregate face value of the shares to be issued shall be credited to MIL's share capital account; and
- iv) The value of Investments, if any, held by MIL in MPPL, shall stand cancelled.
- v) The amount of difference between the consideration issued to the shareholders of MPPL (including cancellation of the investments held by MIL in MPPL and received pursuant to merger of MEXPL into MIL under Part II of the Scheme) and the carrying value of net assets (including the reserves) would be adjusted against reserves.
- vi) In case of any difference in accounting policy between MPPL and MIL, the impact of the same will be quantified and the same shall be appropriately adjusted against the Reserves of MIL.
- vii) Comparative accounting period presented in the financial statements of MIL shall be restated for the accounting impact of merger, as stated above, as if the merger had occurred from the beginning of the comparative period in the financial statements.

36. CONDUCT OF BUSINESS

36.1 Inter-se Transactions

With effect from the Appointed Date, all inter-party transactions between MPPL and MIL shall be considered as intra-party transactions for all purposes from the Appointed Date. For the removal of doubt, it is clarified that upon the Scheme coming into effect and with effect from the Appointed Date, to the extent there are inter-corporate loans, deposits, investments, obligation, balances or other outstanding as between MPPL and/ or MIL, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the MPPL and MIL (as the case may be) for the reduction of such income, assets or liabilities as the case may be.

Further, in case MPPL or MIL have paid taxes on any of the above intra-party transactions executed between the Appointed Date and upon the Scheme becoming Effective, then the taxes paid, if any, shall be regarded as taxes paid by MIL and the same shall be allowed as credit in the hands.

36.2 With effect from the Appointed Date and upto the Effective Date:

- (a) MPPL shall carry on its business with reasonable diligence and commercial prudence and in the same manner as it had been doing hitherto;
- (b) MPPL shall carry on and shall be deemed to have carried on all their business activities and shall hold and stand possessed and shall be deemed to have held and stood possessed of all the said Assets, rights, title, interests, authorities, contracts, investments and decisions, benefits for and on account of and in trust for MIL;
- (c) All obligations, Liabilities, duties and commitments attached, related or pertaining to MPPL shall be undertaken and shall be deemed to have been undertaken for and on account of and in trust for MIL;

- (d) All the profits and incomes accruing or arising to MPPL and all expenditure or losses arising or incurred by MPPL shall, for all purposes, be treated and be deemed to be the profits and incomes or expenditures and losses, as the case may be, of MIL.
- 36.3 MPPL shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber or otherwise deal with or dispose of any Undertaking of MPPL or any part thereof save and except in each case:
- (a) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the concerned Governmental Authority; or
- (b) if the same is expressly permitted by this Scheme; or
- (c) if the prior written consent of the Board of Directors of MIL has been obtained.
- 36.4 With effect from the Effective Date, MIL shall carry on and shall be authorised to carry on the business of MPPL and till such time as the name of account holder in the bank accounts of MPPL is substituted by the bank in the name of MIL, MIL shall be entitled to operate such bank accounts of MPPL, in its name, in so far as may be necessary.
- 37. DISSOLUTION WITHOUT WINDING UP OF MPPL**
- Upon the coming into effect of this Scheme, MPPL shall stand dissolved without winding up.
- 38. COMPLIANCE WITH TAX LAWS**
- 38.1 With regard to merger of MPPL into MIL, the same is in compliance with the conditions relating to “merger” as specified under Section 2(1B) of the Income-tax Act, 1961 (‘IT Act’). If any terms or provisions related to merger of MPPL into MIL are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said Section of the IT Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the IT Act.
- On or after the Effective Date, MIL and MPPL (as the case may be) are expressly permitted to revise, its financial statements and returns along with prescribed forms, filings and annexures under the IT Act (including for the purpose of re-computing tax on book profits and claiming other tax benefits), goods and service tax law and other tax laws, and to claim refunds and/or credits for taxes paid, and to claim tax benefits etc. and for matters incidental thereto, if required to give effect to the provisions of the Scheme from the Appointed Date.
- 38.2 Any refund under the Income-tax, Act 1961, Customs Act 1962, Service Tax laws, Goods and Service Tax, State Value Added Tax laws or other applicable laws/ regulations dealing with direct taxes / indirect taxes/ duties/ levies allocable or related to MPPL or the Undertaking of MPPL consequent to the assessment made on MPPL for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by MPPL.
- 38.3 Obligation for deduction of tax at source on any payment relating to MPPL / Undertaking of MPPL made by or to be made by MPPL under the IT Act, Goods and Service Tax, service tax laws, customs law, state value added tax or other applicable laws / regulations dealing with taxes/ duties / levies on or after Appointed Date but before Effective Date shall be made or deemed to have been made and duly complied with by MPPL.
- 38.4 Without prejudice to the generality of the above, all benefits, incentives, tax losses, credits (including, without limitation, income-tax, goods and service tax, applicable state value added tax, tax deducted at source etc.) relating to the Undertaking of MPPL shall be available to and vest in MIL.

- 38.5 All deductions otherwise admissible to MPPL including payment admissible on actual payment or on deduction of appropriate taxes or on payment or tax deducted at source (such as under Sections 40, 40A, 43B, etc of the Income-tax Act, 1961) shall be available for deduction to MIL as it would have been available to MIL.

PART V (GENERAL PROVISIONS)

39. APPLICATIONS / PETITIONS TO THE TRIBUNAL AND APPROVALS

MEXPL, MPL, MSL, MCSL, MPPL and MIL shall dispatch, make and file all applications and petitions under Sections 230 to 232 of the Act read with Section 66 of the Act and other applicable provisions of the Act before the Tribunal, for sanction of this Scheme.

40. INCREASE IN AUTHORISED SHARE CAPITAL OF MIL

- 40.1 Upon the Scheme becoming effective and upon the merger of MPPL into MIL pursuant to this Scheme, the entire authorised share capital of MPPL of Rs. 2,75,00,000 shall stand merged with the authorised share capital of MIL.

- 40.2 Thus, the authorised share capital of MIL of Rs. 17,00,00,000 divided into 1,70,00,000 Equity Shares of the face value of Rs.10/- each shall stand increased by an amount of Rs. 2,75,00,000 divided into 27,50,000 Equity Shares of the face value of Rs.10/- each.

- 40.3 Accordingly Clause V of the Memorandum of Association of MIL (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 13 and 61 of the Act and other applicable provisions of the Companies Act, as the case may be, and be replaced by the following clause:

“The Authorized Share Capital of the Company is Rs 19,75,00,000 (Rupees Nineteen crores seventy five lacs) divided into, 1,97,50,000 Equity Shares of Rs.10/- each with the rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being, with power to increase or reduce the capital of the Company and to divide the shares in the capital, for the time being, into several classes and to attach thereto such preferential, deferred, qualified or special rights, privileges and conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges and conditions in such manner as may, for the time being, be provided by the regulations of the Company.”

- 40.4 The stamp duty or filing fees paid on the authorised share capital of MPPL shall be set off against the amount paid by them towards their respective Authorised Share Capital and the same shall be utilised for increase in the authorised share capital of MIL in accordance with this clause MIL shall file the requisite documents with the Registrar of Companies, which has jurisdiction over MIL, for the increase of the authorised share capital of MIL, as aforesaid.

- 40.5 It is clarified that MIL, for the purpose of merging and combining the authorised share capital and consequent amendment in the Memorandum of Association of MIL, shall not be required to pass any separate resolution under Section 13, Section 14, Section 61 and any other applicable provisions of the Act and consent given by the members of MIL to the Scheme shall be deemed to be the approval of the members of MIL for merging and combining the authorised share capital and consequent amendment in Memorandum of Association and

Articles of Association of MIL as required under Section 13, Section 14, Section 61 and any other applicable provisions of the Act. MIL shall file with the Registrar of Companies, West Bengal, all requisite forms and complete the compliance and procedural requirements under the Act, if any.

41. INCREASE IN AUTHORISED SHARE CAPITAL OF MPL AND MCSL

41.1 Upon this scheme becoming effective, MPL, MCSPL shall take steps to increase their respective Authorised Share Capital suitably to enable it to issue and allot shares pursuant to sub-clause (a) of Clause 9.1, sub-clause (a) of Clause 21.1 and Clause 33.1 respectively.

41.2 It is clarified that the approval of the members of MPL and MCSL to this Scheme shall be deemed to be their consent/ approval also to the consequential alteration of the Memorandum of Association of MPL, MCSL and MPL, MCSL shall not be required to seek separate consent/ approval of its shareholders for such alteration of the Memorandum of Association as required under Sections 13, 14, 61 and 64 of the Act and other applicable provisions of the Act.

42. COMPLIANCE OF FOREIGN EXCHANGE MANAGEMENT ACT, 1973

On or after the Effective Date, MCSL will comply with all the terms and conditions as may be required and obtain such approvals from Reserve Bank of India and make necessary filings as may be required for transfer of the overseas investments of MSL pertaining to the IT & Software Business to MCSL. Further, MIL will make necessary filings as may be required with the Reserve Bank of India and/or their authorised dealers for issuance of shares under the Scheme to non-resident shareholders of MEXPL and MSL.

43. MODIFICATIONS / AMENDMENTS TO THE SCHEME

43.1 MEXPL, MPL, MSL, MCSL, MPPL and MIL, through their respective Boards, acting collectively, in their full and absolute discretion, may make and/or consent to any modifications / amendments to the Scheme or to any conditions or limitations:

- i. which they may deem fit; or
- ii. which the Tribunal or any other Appropriate Authority may deem fit to suggest / impose / direct; or
- iii. effect any other modification or amendment which the Tribunal may deem fit; and give such directions as they may consider necessary or desirable for settling any question, doubt or difficulty arising under the Scheme, whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith or in regard to its implementation or in any matter connected therewith (including any question, doubt or difficulty arising in connection with any deceased or insolvent shareholder(s) of MEXPL, MPL, MSL, MCSL, MPPL and MIL, as the case may be) and to do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.

43.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the authorised person of MEXPL, MPL, MSL, MCSL, MPPL and MIL may give and are hereby authorized to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all Parties, in the same manner as if the same were specifically incorporated in this Scheme.

43.3 If upon the Scheme becoming effective and upon the transfer and vesting of the assets and liabilities of the Real Estate Business and IT & Software Business into MPL and MCSL respectively pursuant to the provisions of

applicable law, MPL and MCSL are not permitted under the applicable law to carry on the certain business or hold assets, licences, etc, transferred and vested pursuant to this Scheme, the Boards of MPL and MCSL shall be permitted and/or entitled to take such action as it may be deemed appropriate.

44. WITHDRAWAL OF THE SCHEME

The Companies shall be at liberty to withdraw this Scheme at any time as may be mutually agreed by the Board of Directors of the respective Companies prior to the Effective Date. In such a case, the Companies shall respectively bear their own cost or as may be mutually agreed.

In the event any part of the Scheme is not approved by the Tribunal or any other Authority or the Tribunal or any other Authority request for any modification(s) /amendment(s) in the Scheme, which is not acceptable to the Board of Directors of the Companies, then the Board of Directors of the respective Companies have a right to withdraw the Scheme.

Further, in the event that any conditions imposed by the Tribunal or any other Authority are found unacceptable for any reason whatsoever by any Companies, then the Board of Directors of the Companies shall be entitled to withdraw the Scheme in which event no rights and liabilities whatsoever shall accrue to or be incurred inter se to or by the parties or any of them.

45. CONDITIONS PRECEDENT

45.1 This Scheme is conditional on and subject to:

- a) Approval of the Scheme by the Shareholders and Creditors of the Companies as prescribed under the Act;
- b) Approval of the Scheme by the Tribunal; and
- c) Filing of certified/ authenticated copy of the order of the Tribunal, sanctioning the Scheme, being filed with the Registrar of Companies, West Bengal by MEXPL, MPL, MSL, MCSL, MPPL and MIL, in relation to this Scheme.

45.2 It is hereby clarified that submission of the Scheme to the Tribunal and to Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that MEXPL, MPL, MSL, MCSL, MPPL and MIL may have under or pursuant to all appropriate and Applicable Law.

45.3 On the approval of this Scheme by the shareholders and creditors of MEXPL, MPL, MSL, MCSL, MPPL and MIL, such shareholders and creditors shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the demerger, as the case may be, set out in this Scheme, related matters and this Scheme itself.

46. COSTS, CHARGES AND EXPENSES

MIL shall bear costs, charges and expenses (including, but not limited to, any taxes and duties, registration charges, etc.) arising out of or incurred in connection with and in implementing this scheme and matters incidental thereto.

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REPORT ADOPTED BY THE BOARD OF DIRECTORS OF MERINO EXPORTS PRIVATE LIMITED AT ITS MEETING HELD ON TUESDAY, THE 20TH DAY OF AUGUST, 2019 AT 4-00 P.M. EXPLAINING THE EFFECT OF SCHEME ON SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS UNDER SECTION 232(2)(c) OF COMPANIES ACT, 2013

Section 232(2)(c) of the Companies Act, 2013 requires the Board to adopt a report on the effect of Scheme on shareholders, Key Managerial Personnel, promoters and non-promoter shareholders of the company. Accordingly, it was proposed to lay out a report under section 232(2)(c) of the Companies Act, 2013 for adoption by the Board.

1.0 Background

1.1 The proposed Composite Scheme of Arrangement between Merino Exports Private Limited ("MEXPL"), Merino Properties Private Limited ("MPL"), Merino Services Limited ("MSL"), Merino Consulting Services Limited ("MCSL"), Merino Panel Products Limited ("MPPL") and Merino Industries Limited ("MIL") and their respective shareholders and creditors was approved by the Board of Directors of the Company ("Board") vide resolution dated 20.08.2019. The provisions of Section 232(2)(c) of the Companies Act, 2013 require the Board to adopt a report explaining the effect of arrangement and amalgamation on Shareholders, Key Managerial Personnel, Promoters and Non-Promoter Shareholders of the Company laying out in particular the share exchange ratios.

1.2 This report of the Board is accordingly being made in pursuance to the requirements of section 232(2)(c) of the Companies Act, 2013.

1.3 The following documents were placed before the Board:

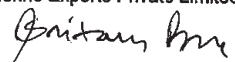
1.3.1 Draft Scheme of Arrangement duly initialled by the Chairman.

1.3.2 Valuation & Share Exchange Ratio Report dated 20th August 2019 prepared by Shri Parag Ved, registered Valuer, recommending the share exchange ratio ("Valuation Report").

2.0 Effect of the Scheme of Arrangement on equity shareholders (promoter and non-promoter shareholders) of Merino Exports Private Limited:

2.1 Under the Scheme, an arrangement is sought to be entered into between the Company, MPL, MSL, MCSL, MPPL and MIL and their respective shareholders and creditors. Upon the sanctioning of the Scheme and in terms of Clause 9.1(a) and 9.1(b) of the Scheme, the equity shareholders of the Company (whether promoters or non-promoters) shall be issued and allotted equity shares in MPL (i) in consideration of demerger of Real Estate Business of the Company into MPL and (ii) in consideration of merger of the Company into MIL. However, the shares held *inter se* the Company and MPL and the Company and MIL shall stand cancelled. The exchange ratio of shares to be issued and allotted by MPL and MIL are as under:

For Merino Exports Private Limited


Director

Registered Office

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CIN:U70101WB1988PTC044285



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MERINO EXPORTS PVT. LTD.

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"1 fully paid up equity shares of Rs. 10 (Rupees Ten) each of MPL for every fully paid up equity share of Rs. 10 (Rupees Ten) each held by such shareholder in MEXPL".

"678 fully paid up equity shares of Rs. 10 (Rupees Ten) each of MIL for every 10 fully paid up equity share of Rs. 10 (Rupees Ten) each held by such shareholder in MEXPL".

- 3.0 Effect of the Scheme of Arrangement on the employees and key managerial personnel of the Company:
- 3.1 Under Clause 6 of Part II of the Scheme, on and from the Effective Date, MPL and MIL undertake to engage all the employees of the Company in relation to Real Estate Division and Remaining Division of the Company respectively on the same terms and conditions on which they are engaged by the Company without any interruption of service and in the manner provided under the Scheme. In the circumstances, the rights of the employees including key managerial personnel of the Company, in respect of its Real Estate Division and Remaining Division would in no way be affected by the Scheme.
- 3.2 Under the Scheme, no rights of the employees (including key managerial personnel) of the Company are being affected.
- 4.0 No special valuation difficulties were reported.

For Merino Exports Private Limited

Director

Registered Office

5, Alexandra Court, 60/1,
Chowringhee Road, Kolkata - 700020
P 033 - 22901214 F 033 - 22870314

MERINO PROPERTIES PVT. LTD.

CIN : U45400WB2019PTC229906
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REPORT ADOPTED BY THE BOARD OF DIRECTORS OF MERINO PROPERTIES PRIVATE LIMITED AT ITS MEETING HELD ON TUESDAY, THE 20TH DAY OF AUGUST, 2019 AT 4-30 P.M. EXPLAINING THE EFFECT OF SCHEME ON SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS UNDER SECTION 232(2)(c) OF COMPANIES ACT, 2013

1.0 Background

1.1 The proposed Composite Scheme of Arrangement between Merino Exports Private Limited ("MEXPL"), Merino Properties Private Limited ("MPL"), Merino Services Limited ("MSL"), Merino Consulting Services Limited ("MCSL"), Merino Panel Products Limited ("MPPL") and Merino Industries Limited ("MIL") and their respective shareholders and creditors was approved by the Board of Directors of the Company ("Board") vide resolution dated 20.08.2019. The provisions of Section 232(2)(c) of the Companies Act, 2013 require the Board to adopt a report explaining the effect of arrangement and amalgamation on Shareholders, Key Managerial Personnel, Promoters and Non-Promoter Shareholders of the Company laying out in particular the share exchange ratio.

1.2 This report of the Board is accordingly being made in pursuance to the requirements of section 232(2)(c) of the Companies Act, 2013.

1.3 The following documents were placed before the Board:

1.3.1 Draft Scheme of Arrangement duly initialled by the Chairman.

1.3.2 Valuation & Share Exchange Ratio Report dated 20.08.2019 prepared by M/s. Shri Parag Ved, a registered Valuer, recommending the share exchange ratio ("**Valuation Report**").

2.0 Effect of the Scheme of Arrangement on equity shareholders (promoter and non-promoter shareholders) of Merino Properties Private Limited:

2.1 Under the Scheme, an arrangement is sought to be entered into between the MEXPL, the Company, MSL, MCSL, MPPL and MIL and their respective shareholders and creditors. Upon the sanctioning of the Scheme and in terms of Clause 9.1(a) of the Scheme, the Company shall issue and allot equity shares in the Company to the equity shareholders (both Promoter and Non-Promoter shareholders) of MEXPL. However, the shares held *interse* the company and MEXPL shall stand cancelled. The exchange ratio of shares to be issued and allotted by the company is as under:

For Merino Properties Private Limited

Prasan Dohia
Director

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Chowringhee Road, Kolkata - 700020
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"1 fully paid up equity shares of Rs. 10 (Rupees Ten) each of MPL for every 1 fully paid up equity share of Rs. 10 (Rupees Ten) each held by such shareholder in MEXPL".

- 3.0 **Effect of the Scheme of Arrangement on the employees and key managerial personnel of the Company:**
- 3.1 Under Clause 6 of Part II of the Scheme, on and from the Effective Date, the Company undertakes to engage all the employees of MEXPL in relation to Real Estate Division of MEXPL on the same terms and conditions on which they are engaged by MEXPL without any interruption of service and in the manner provided under the Scheme. In the circumstances, the rights of the employees including key managerial personnel of MEXPL, in respect of Real Estate Division would in no way be affected by the Scheme.
- 3.2 Under the Scheme, no rights of the employees (including key managerial personnel) of the Company are being affected.
- 4.0 No special valuation difficulties were reported.

For Merino Properties Private Limited

Prasan Dohia
Director



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MERINO SERVICES LTD.

CIN: US1109WB1993PLC058257

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REPORT ADOPTED BY THE BOARD OF DIRECTORS OF MERINO SERVICES LIMITED AT ITS MEETING HELD ON TUESDAY THE 20TH DAY OF AUGUST 2019 AT 3-30 P.M. EXPLAINING THE EFFECT OF SCHEME ON SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS UNDER SECTION 232(2)(c) OF COMPANIES ACT, 2013

Section 232(2)(c) of the Companies Act, 2013 requires the Board to adopt a report on the effect of Scheme on shareholders, Key Managerial Personnel, promoters and non-promoter shareholders of the company. Accordingly, it was proposed to lay out a report under section 232(2)(c) of the Companies Act, 2013 for adoption by the Board.

1.0 Background

1.1 The proposed Composite Scheme of Arrangement between Merino Exports Private Limited ("MEXPL"), Merino Properties Private Limited ("MPL"), Merino Services Limited ("MSL"), Merino Consulting Services Limited ("MCSL"), Merino Panel Products Limited ("MPPL") and Merino Industries Limited ("MIL") and their respective shareholders and creditors was approved by the Board of Directors of the Company ("Board") vide resolution dated 20.08.2019. The provisions of Section 232(2)(c) of the Companies Act, 2013 require the Board to adopt a report explaining the effect of arrangement and amalgamation on Shareholders, Key Managerial Personnel, Promoters and Non-Promoter Shareholders of the Company laying out, in particular, the share exchange ratios.

1.2 This report of the Board is accordingly being made in pursuance to the requirements of section 232(2)(c) of the Companies Act, 2013.

1.3 The following documents were placed before the Board:

1.3.1 Draft Scheme of Arrangement duly initialled by the Chairman.

1.3.2 Valuation & Share Exchange Ratio Report dated 20.08.2019 prepared by Shri Parag Ved, a Registered Valuer, recommending the share exchange ratio ("Valuation Report").

2.0 Effect of the Scheme of Arrangement on equity shareholders (promoter and non-promoter shareholders) of Merino Services Limited:

2.1 Under the Scheme, an arrangement is sought to be entered into between MEXPL, MPL, the Company, MCSL, MPPL and MIL and their respective shareholders and creditors. Upon the sanctioning of the Scheme and in terms of Clause 21 of the Scheme, the equity shareholders of

For Merino Services Limited



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MERINO SERVICES LTD.

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the Company (whether promoters or non-promoters) shall be issued and allotted equity shares in MCSL (i) in consideration of demerger of IT & Software Division of the Company into MCSL and (ii) in consideration of merger of the Company into MIL. However, the shares held *interse* the Company and MCSL and the Company and MIL shall stand cancelled. The exchange ratios of shares to be issued and allotted by MCSL and MIL are as under:

“1 fully paid up equity shares of Rs. 10 (Rupees Ten) each of MCSL for every 1 fully paid up equity share of Rs. 10 (Rupees Ten) each held by such shareholder in MSL”.

“21 fully paid up equity shares of Rs. 10 (Rupees Ten) each of MIL for every 10 fully paid up equity share of Rs. 10 (Rupees Ten) each held by such shareholder in MSL”.

- 3.0 **Effect of the Scheme of Arrangement on the employees and key managerial personnel of the Company:**
- 3.1 Under Clause 18 of Part III of the Scheme, on and from the Effective Date, MCSL and MIL undertake to engage all the employees of the Company in relation to IT & Software Division and Remaining Division of the Company respectively on the same terms and conditions on which they are engaged by the Company without any interruption of service and in the manner provided under the Scheme. In the circumstances, the rights of the employees including key managerial personnel of the Company, in respect of its IT & Software Division and Remaining Division would in no way be affected by the Scheme.
- 3.2 Under the Scheme, no rights of the employees (including key managerial personnel) of the Company are being affected.
- 4.0 No special valuation difficulties were reported.

For Merino Services Limited

Director

2019

MERINO CONSULTING SERVICES LTD.

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REPORT ADOPTED BY THE BOARD OF DIRECTORS OF MERINO CONSULTING SERVICES LIMITED AT ITS MEETING HELD ON TUESDAY, THE 20TH DAY OF AUGUST, 2019 AT 5-00 P.M. EXPLAINING THE EFFECT OF SCHEME ON SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS UNDER SECTION 232(2)(c) OF COMPANIES ACT, 2013

1.0 Background

1.1 The proposed Composite Scheme of Arrangement between Merino Exports Private Limited ("MEXPL"), Merino Properties Private Limited ("MPL"), Merino Services Limited ("MSL"), Merino Consulting Services Limited ("MCSL"), Merino Panel Products Limited ("MPPL") and Merino Industries Limited ("MIL") and their respective shareholders and creditors was approved by the Board of Directors of the Company ("Board") vide resolution dated 20.08.2019. The provisions of Section 232(2)(c) of the Companies Act, 2013 require the Board to adopt a report explaining the effect of arrangement and amalgamation on Shareholders, Key Managerial Personnel, Promoters and Non-Promoter Shareholders of the Company laying out in particular the share exchange ratio.

1.2 This report of the Board is accordingly being made in pursuance to the requirements of section 232(2)(c) of the Companies Act, 2013.

1.3 The following documents were placed before the Board:

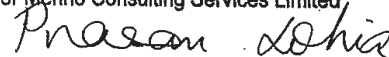
1.3.1 Draft Scheme of Arrangement duly initialled by the Chairman.

1.3.2 Valuation & Share Exchange Ratio Report dated 20.08.2019 prepared by Shri Parag Ved, a registered Valuer, recommending the share exchange ratio ("**Valuation Report**").

2.0 Effect of the Scheme of Arrangement on equity shareholders (promoter and non-promoter shareholders) of Merino Consulting Services Limited:

2.1 Under the Scheme, an arrangement is sought to be entered into between the MEXPL, MPL, MSL, the Company, MPPL and MIL and their respective shareholders and creditors. Upon the sanctioning of the Scheme and in terms of Clause 21.1(a) of the Scheme, the Company shall issue and allot equity shares in the Company to the equity shareholders (both Promoter and Non-Promoter shareholders) of MSL. However, the shares held *interse* the Company and MSL shall stand cancelled. The exchange ratio of shares to be issued and allotted by the Company is as under:

For Merino Consulting Services Limited,



Director

MERINO CONSULTING SERVICES LTD.

CIN : U74999WB2019PLC230560
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"1 fully paid up equity shares of Rs. 10 (Rupees Ten) each of MSL for every 1 fully paid up equity share of Rs. 10 (Rupees Ten) each held by such shareholder in MSL".

3.0 Effect of the Scheme of Arrangement on the employees and key managerial personnel of the Company:

3.1 Under Clause 18 of Part III of the Scheme, on and from the Effective Date, the Company undertakes to engage all the employees of MSL in relation to IT & Software Division of MSL on the same terms and conditions on which they are engaged by MSL without any interruption of service and in the manner provided under the Scheme. In the circumstances, the rights of the employees including key managerial personnel of MSL, in respect of IT & Software Division would in no way be affected by the Scheme.

3.2 Under the Scheme, no rights of the employees (including key managerial personnel) of the Company are being affected.

4.0 No special valuation difficulties were reported.

For Merino Consulting Services Limited

Prasan Debia

Director



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MERINO PANEL PRODUCTS LTD.
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REPORT ADOPTED BY THE BOARD OF DIRECTORS OF MERINO PANEL PRODUCTS LIMITED AT ITS MEETING HELD ON TUESDAY, THE 20TH DAY OF AUGUST 2019 AT 01.15 P.M. EXPLAINING THE EFFECT OF SCHEME ON SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS UNDER SECTION 232(2)(c) OF COMPANIES ACT, 2013

1.0 Background

1.1 The proposed Composite Scheme of Arrangement between Merino Exports Private Limited ("MEXPL"), Merino Properties Private Limited ("MPL"), Merino Services Limited ("MSL"), Merino Consulting Services Limited ("MCSL"), Merino Panel Products Limited ("MPPL") and Merino Industries Limited ("MIL") and their respective shareholders and creditors was approved by the Board of Directors of the Company ("Board") vide resolution dated 20.08.2019. The provisions of Section 232(2)(c) of the Companies Act, 2013 require the Board to adopt a report explaining the effect of arrangement and amalgamation on Shareholders, Key Managerial Personnel, Promoters and Non-Promoter Shareholders of the Company laying out, in particular, the share exchange ratios.

1.2 This report of the Board is accordingly being made in pursuance to the requirements of section 232(2)(c) of the Companies Act, 2013.

1.3 The following documents were placed before the Board:

1.3.1 Draft Scheme of Arrangement duly initialled by the Chairman.

1.3.2 Valuation & Share Exchange Ratio Report dated 20.08.2019 prepared by Shri Parag Ved, a registered Valuer, recommending the share exchange ratio ("Valuation Report").

2.0 Effect of the Scheme of Arrangement on equity shareholders (promoter and non-promoter shareholders) of Merino Panel Products Limited:

2.1 Under the Scheme, an arrangement is sought to be entered into between MEXPL, MPL, MSL, MCSL, the Company and MIL and their respective shareholders and creditors. Upon the sanctioning of the Scheme and in terms of Clause 33 of the Scheme, the equity shareholders of the Company (whether promoters or non-promoters) shall be issued and allotted equity shares in MIL in consideration of merger of the Company into MIL. However, the shares held *interse* the Company and MIL shall stand cancelled. The exchange ratio of shares to be issued and allotted by MIL is as under:

For **MERINO PANEL PRODUCTS LIMITED**

Anax Kumar Das
Director & Company Secretary

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MERINO PANEL PRODUCTS LTD.

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"52 fully paid up equity shares of Rs. 10 (Rupees Ten) each of MIL for every 25 fully paid up equity share of Rs. 10 (Rupees Ten) each held by such shareholder in MPPL".

- 3.0 Effect of the Scheme of Arrangement on the employees and key managerial personnel of the Company:
- 3.1 Under Clause 30 of Part IV of the Scheme, on and from the effective Date, MIL undertakes to engage all the employees of the Company on the same terms and conditions on which they are engaged by the Company without any interruption of service and in the manner provided under the Scheme. In the circumstances, the rights of the employees including key managerial personnel of the Company would in no way be affected by the Scheme.
- 3.2 Under the Scheme, no rights of the employees (including key managerial personnel) of the Company are being affected.
- 4.0 No special valuation difficulties were reported.

For MERINO PANEL PRODUCTS LIMITED

Asok Kumar Barui
Director & Company Secretary

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MERINO INDUSTRIES LTD.

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REPORT ADOPTED BY THE BOARD OF DIRECTORS OF MERINO INDUSTRIES LIMITED AT ITS MEETING HELD ON TUESDAY, THE 20TH DAY OF AUGUST, 2019 AT 12-30 P.M. EXPLAINING THE EFFECT OF SCHEME ON SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS UNDER SECTION 232(2)(c) OF COMPANIES ACT, 2013

1.0 Background

1.1 The proposed Composite Scheme of Arrangement between Merino Exports Private Limited ("MEXPL"), Merino Properties Private Limited ("MPL"), Merino Services Limited ("MSL"), Merino Consulting Services Limited ("MCSL"), Merino Panel Products Limited ("MPPL") and Merino Industries Limited ("MIL") and their respective shareholders and creditors was approved by the Board of Directors of the Company ("Board") vide resolution dated 20th August 2019. The provisions of Section 232(2)(c) of the Companies Act, 2013 require the Board to adopt a report explaining the effect of arrangement and amalgamation on Shareholders, Key Managerial Personnel, Promoters and Non-Promoter Shareholders of the Company laying out in particular the share exchange ratios.

1.2 This report of the Board is accordingly being made in pursuance to the requirements of section 232(2)(c) of the Companies Act, 2013.

1.3 The following documents were placed before the Board:

1.3.1 Draft Scheme of Arrangement duly initialled by the Chairman.

1.3.2 Valuation & Share Exchange Ratio Report dated 20th August 2019 prepared by Shri Parag Ved, registered Valuer, recommending the share exchange ratio ("Valuation Report").

2.0 Effect of the Scheme of Arrangement on equity shareholders (promoter and non-promoter shareholders) of Merino Industries Limited:

2.1 Under the Scheme, an arrangement is sought to be entered into between MEXPL, MPL, MSL, MCSL, MPPL and the Company and their respective shareholders and creditors. Upon the sanctioning of the Scheme and in terms of Clauses 9.1(b), 21.1(b) and 31 of the Scheme, the Company shall issue and allot equity shares in the Company to the equity shareholders (both Promoter and Non-Promoter shareholders) of MEXPL, MSL and MPPL. However, the shares held *interse* the Company and MEXPL or the Company and MSL or the Company and MPPL shall stand cancelled.

The exchange ratios of shares to be issued and allotted by the Company are as under:

"678 fully paid up equity shares of Rs. 10 (Rupees Ten) each of MIL for every 10 fully paid up equity share of Rs. 10 (Rupees Ten) each held by such shareholder in MEXPL".

For MERINO INDUSTRIES LIMITED

Urvashi Agrawal
Company Secretary

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“21 fully paid up equity shares of Rs. 10 (Rupees Ten) each of MIL for every 10 fully paid up equity share of Rs. 10 (Rupees Ten) each held by such shareholder in MSL”.

“52 fully paid up equity shares of Rs. 10 (Rupees Ten) each of MIL for every 25 fully paid up equity share of Rs. 10 (Rupees Ten) each held by such shareholder in MPPL”.

3.0 Effect of the Scheme of Arrangement on the employees and key managerial personnel of the Company:

- 3.1 Under Clauses 6, 18, 30 of Parts II, III and IV of the Scheme, on and from the Effective Date, the Company undertakes to engage all the employees of MEXPL, MSL and MPPL on the same terms and conditions on which they are engaged by MEXPL, MSL and MPPL post demerger of Real Estate Business, IT & Software Business respectively without any interruption of service and in the manner provided under the Scheme. In the circumstances, the rights of the employees including key managerial personnel of the Company would in no way be affected by the Scheme.
- 3.2 Under the Scheme, no rights of the employees (including key managerial personnel) of the Company are being affected.
- 4.0 No special valuation difficulties were reported.

For MERINO INDUSTRIES LIMITED

Ushamata Agrawal
Company Secretary

**SUPPLEMENTARY ACCOUNTING STATEMENT OF APPLICANT COMPANIES
FOR THE HALF YEAR ENDED
30TH SEPTEMBER 2019**

MERINO EXPORTS PRIVATE LIMITED
Balance sheet as at 30th September, 2019

(Figures in Rupees, unless otherwise stated)

Particulars	Notes	As at 30th September, 2019
I. EQUITY AND LIABILITIES		
(1) SHAREHOLDERS' FUNDS		
(a) Share Capital	3	6,31,420.00
(b) Reserves and Surplus	4	45,24,76,006.81
		45,31,07,426.81
(2) NON-CURRENT LIABILITIES		
(a) Other Long-Term Liabilities	5	1,00,000.00
(b) Long-Term Provisions	6	6,17,806.48
		7,17,806.48
(3) CURRENT LIABILITIES		
(a) Short-term Borrowings	7	30,62,74,899.00
(b) Trade Payables	8	7,719.00
(c) Other Current Liabilities	9	38,88,895.30
(d) Short-Term Provisions	10	3,12,010.00
		31,04,83,523.30
TOTAL		76,43,08,756.59
II. ASSETS		
(1) NON-CURRENT ASSETS		
(a) Property, Plant and Equipment		
(i) Tangible Assets	11	26,03,70,635.07
(b) Non-current Investments	12	10,66,89,606.00
(c) Long-term Loans and Advances	13	12,52,378.00
(d) Other Non Current Assets	14	11,17,088.00
		36,94,29,707.07
(2) CURRENT ASSETS		
(a) Trade Receivables	15	12,16,001.04
(b) Cash and Bank Balances	16	11,39,982.34
(c) Short-term Loans and Advances	17	39,25,10,348.66
(d) Other Current Assets	18	12,717.48
		39,48,79,049.52
TOTAL		76,43,08,756.59

General information and Significant Accounting Policies

1 & 2

The accompanying notes numbered 1 to 23 are an integral part of the Financial Statements

Place : Kolkata

Date : 06th January, 2020


Prasan Lohia
 Director


Pritam Bose
 Director


MERINO EXPORTS PRIVATE LIMITED

Statement of profit and loss for the six months period ended 30th September, 2019

(Figure in Rupees, unless otherwise stated)

Particulars	Notes	For the six months period ended 30 September 2019
Revenue from operations	19	2,10,86,826.86
Other Income	20	3,10,06,824.71
		<u>5,20,93,651.57</u>
Finance Costs	21	1,64,17,555.00
Depreciation Expense	22	17,13,985.12
Other Expenses	23	33,37,745.88
		<u>2,14,69,286.00</u>
Profit / (Loss) before tax		3,06,24,365.57
Tax Expense:		
Current Tax		<u>37,11,546.95</u>
		37,11,546.95
Profit for the six months period		<u>2,69,12,818.62</u>
General information and Significant Accounting Policies	1 & 2	The accompanying notes numbered 1 to 23 are an integral part of the Financial Statements

Place : Kolkata
Date : 06th January, 2020


Prasan Lohia
Director


Pritam Bose
Director

MERINO EXPORTS PRIVATE LIMITED

Statement of Cash Flow for the six months period ended 30th September, 2019

(Figure in Rupees, unless otherwise stated)

	For the six months period ended 30 September 2019	
A. Cash Flow From Operating Activities :		
Net Profit Before Tax		3,06,24,365.57
Adjustment for :		
Depreciation	17,13,985.12	
Profit on Sale of Tangible Assets	(71,02,476.38)	
Dividend Income	(1,58,78,450.00)	
TDS on Income from job works		
		(2,12,66,941.26)
Operating Profit Before Working Capital Changes		93,57,424.31
Adjustments for :		
Trade and Other Receivables	(12,52,98,260.75)	
Trade and Other Payables	6,92,96,532.52	
Cash Generated From Operations		(4,66,44,303.92)
Net Direct Tax (Paid) / Refund		21,55,005.36
Net Cash from Operating Activities		(4,44,89,298.56)
B. Cash Flow From Investing Activities :		
Proceeds from sale of Tangible Assets		74,50,000.00
Investment in Equity		(20,00,000.00)
Net Cash used in Investing Activities		54,50,000.00
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(3,90,39,298.56)
Cash and Cash Equivalents (opening)	4,01,79,280.90	
Cash and Cash Equivalents (closing)	11,39,982.34	(3,90,39,298.56)

(a) The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 on Cash Flow Statements.

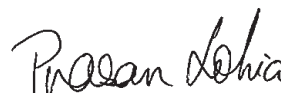
(b) Cash and Cash Equivalents comprises (Refer note 16):


	As at 30th September, 2019
Cash on hand	78,107.25
Bank Balances:	
On Current Account	10,61,875.09
	11,39,982.34

General Information and Significant Accounting Policies are given in Notes numbered 1 and 2.

The accompanying notes numbered 1 to 23 are an integral part of the Financial Statements

Place : Kolkata
Date : 06th January, 2020


Prasan Lohia
 Director


Pritam Bose
 Director

Notes to Financial Statements for the six months period ended 30th September 2019.

Note - 1 General Information

Merino Exports Private Limited ("the Company") is a private limited company domiciled in India, and incorporated under the provisions of the Companies Act, 1956. The registered office of the Company is located at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata - 700020, India.

Note - 2.1 Basis of Preparation

These unaudited supplementary financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these unaudited supplementary financial statements to comply in all material respects with the Accounting Standards as prescribed under section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

Note - 2.2 Significant Accounting Policies

The accounting policies used in the preparation of these unaudited supplementary financial statements are those which the company followed for the preparation of its annual audited financial statements for the year ended 31st March, 2019.



(Figure in Rupees, unless otherwise stated)

3. SHARE CAPITAL

	As at 30th September, 2019
AUTHORISED	
1,20,000 Equity Shares of Rs. 10/- each	12,00,000.00
ISSUED	
94,696 Equity Shares of Rs 10/- each	9,46,960.00
SUBSCRIBED AND PAID-UP	
63,142 Equity Shares of Rs 10/- each fully paid up	6,31,420.00
	6,31,420.00

(a) Reconciliation of the number of shares outstanding as at 30th Sept, 2019 is set out below:

Particulars	As at As at 30th September, 2019
Number of shares outstanding at the beginning of the year	63,142
Number of shares outstanding at the end of the six months period	63,142

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

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

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

SN. Name of the shareholders	As at 30th Sept, 2019	
	No. of shares	% held
1 Mr Champalal Lohia	13,354	21.14
2 Mr Rupchand Lohia	10,000	15.83
3 Mr Prakash Lohia	9,140	14.47
4 Merino Industries Limited	6,000	9.50
5 Mr. Madhusudan Lohia	3,861	6.11

(d) For the period of five years immediately preceding the date as at which the Balance Sheet is prepared:

- i) The company has not allotted any shares as fully paid up pursuant to any contract without payment being received in cash
- ii) The company has not allotted any shares as fully paid up by way of bonus shares.
- iii) The company has not brought back any shares.

4. RESERVES AND SURPLUS

	As at 30th September, 2019
Capital Reserve	2,62,45,852.00
Capital Redemption Reserve	3,15,540.00
Revaluation Reserve	
Balance as at the beginning of the year	18,49,95,985.24
Add: During the year	-
Transfer to General Reserve	26,42,377.04
Balance as at the end of the period	18,23,53,608.20
Statutory Reserve	
Balance as at the beginning of the year	2,33,58,564.23
Add: Transferred from surplus in Statement of Profit and Loss	53,82,563.72
Balance as at the end of the period	2,87,41,127.95
General Reserve	
Balance as at the beginning of the year	78,75,750.96
Add: Transfer from Revaluation Reserve	6,01,135.16
Less:	-
Balance as at the end of the period	84,76,886.12
Surplus in Statement of Profit and Loss	
Balance as at the beginning of the year	18,48,12,737.64
Add: Profit for the period	2,69,12,818.62
Amount available for appropriation	21,17,25,556.26
Less : Appropriations:	
Transfer to Statutory Reserve	53,82,563.72
Total appropriations	53,82,563.72
	20,63,42,992.54
	45,24,76,006.81

MERINO EXPORTS PRIVATE LIMITED
Notes to the Financial Statements

(Figure in Rupees, unless otherwise stated)

5. OTHER LONG-TERM LIABILITIES

	As at 30th September, 2019
Rental Deposit	1,00,000.00
	1,00,000.00

6. LONG-TERM PROVISIONS

	As at 30th September, 2019
Contingent provision against Standard Assets	6,17,806.48
	6,17,806.48

7. SHORT-TERM BORROWINGS

	As at 30th September, 2019
Unsecured	
Loans repayable on demand	
From Shareholders	20,53,18,438.00
From related parties :	20,53,18,438.00
From Directors	5,49,31,808.00
From Shareholders	4,60,24,653.00
	10,09,56,461.00
	30,62,74,899.00

8. TRADE PAYABLES

	As at 30th September, 2019
Sundry Creditors	
Total outstanding dues of micro enterprises and small enterprises	-
Total outstanding dues of creditor other than micro enterprises and small enterprises	7,719.00
	7,719.00

9. OTHER CURRENT LIABILITIES

	As at 30th September, 2019
Other payables	
Advances from customers	5,48,400.00
Statutory dues	14,56,004.30
Other payables	18,84,491.00
	38,88,895.30

10. SHORT-TERM PROVISIONS

	As at 30th September, 2019
Provision for Wealth Tax (Net of Wealth Tax Paid)	3,12,010.00
	3,12,010.00

MERINO EXPORTS PRIVATE LIMITED
Notes to the Financial Statements

11. PROPERTY, PLANT AND EQUIPMENTS

(Figure in Rupees, unless otherwise stated)

PARTICULARS	GROSS BLOCK AT COST / VALUATION (Refer (a) below)				DEPRECIATION			NET BLOCK	
	As at 31st March, 2019	Additions during the half year	Sales/Deduction during the half year	As at 30th Sept, 2019	As at 31st March, 2019	For the half year	Sales / adjustment during the half year	As at 30th Sept, 2019	As at 31st March, 2019
Land :									
Freehold	17,99,54,258.92	-	-	17,99,54,258.92	-	-	-	17,99,54,258.92	17,99,54,258.92
Buildings :									
On Freehold land	12,64,16,232.13	-	36,86,272.00	12,27,29,960.13	4,65,42,925.10	14,01,702.38	12,97,506.50	7,60,82,839.15	7,98,73,307.03
Culverts	24,93,707.90	-	-	24,93,707.90	2,58,498.48	41,650.87	-	21,93,558.55	22,35,209.42
Plant and Equipment	4,93,217.20	-	-	4,93,217.20	4,28,146.37	3,439.21	-	61,631.62	65,070.83
Furniture and Fixture	34,23,391.00	-	-	34,23,391.00	22,97,826.83	1,19,603.67	-	10,05,960.50	11,25,564.17
Office Equipments	10,57,181.53	-	-	10,57,181.53	4,63,771.96	87,779.24	-	5,05,630.33	5,93,409.57
Electrical Installation and Equipment	10,54,060.00	-	-	10,54,060.00	4,27,494.25	59,809.75	-	5,66,756.00	6,26,565.75
Total	31,48,92,048.68	-	36,86,272.00	31,12,05,776.68	5,04,19,662.99	17,13,985.12	12,97,506.50	26,03,70,635.07	26,44,73,385.69

MERINO EXPORTS PRIVATE LIMITED
Notes to the Financial Statements

(Figure in Rupees, unless otherwise stated)

12. NON CURRENT INVESTMENTS

	As at 30th September, 2019
(valued at cost less provision for diminution, other than temporary)	
Long Term - Other than Trade Investments	
Investment in Equity Instruments of other Company (Fully paid up)	
-Unquoted	
Merino Industries Limited 30,65,700 equity shares of Rs.10/- each fully paid up	5,15,32,080.00
Merino Panel Products Limited 4,90,000 equity shares of Rs.10/- each fully paid up	3,43,00,000.00
Merino Services Limited 14,100 equity shares of Rs.10/- each fully paid up	1,70,046.00
Merinopoly and Chemicals Limited 82,003 equity shares of Rs.10/- each fully paid up	12,30,895.00
Less: Provision for diminution in book value of investments	<u>12,30,895.00</u> -
Investment in Equity Instruments of Other Companies (Fully paid up)	
-Quoted	
Bank of Baroda 5,000 equity shares of Rs.2/- each fully paid up	85,000.00
Kunal Engineering Company Limited 250 equity shares of Rs.10/- each fully paid up	18,083.00
Less: Provision for diminution in book value of investments	<u>18,083.00</u> -
Sanghi Polyesters Limited 500 equity shares of Rs.10/- each fully paid up	20,403.00
Less: Provision for diminution in book value of investments	<u>20,403.00</u> -
KHSL Industries Limited 1,000 equity shares of Rs.10/- each fully paid up	20,265.00
Less: Provision for diminution in book value of investments	<u>20,265.00</u> -
Investment in Promissory Note of Other Company	
Artison Agrotech Private Limited	10,00,000.00
Less: Provision for diminution in book value of investments	<u>10,00,000.00</u> -
Investment in Non Convertible Debenture	
Kotak Mahindra Prime Limited BR	2,06,02,480.00
	<u>10,66,89,606.00</u>
(a) Aggregate book value of quoted investments	85,000.00
(b) Aggregate book value of unquoted investments	8,60,02,126.00
(c) Aggregate provision for diminution in value of investments	12,89,646.00
(d) Aggregate market value of quoted investments	4,65,250.00
13. LONG TERM LOANS AND ADVANCES	
Unsecured, considered good unless stated otherwise	
Security Deposits	2,52,378.00
Payments to statutory authorities against disputed dues	10,00,000.00
	<u>12,52,378.00</u>

MERINO EXPORTS PRIVATE LIMITED
Notes to the Financial Statements

14. OTHER NON CURRENT ASSETS

(Figure in Rupees, unless otherwise stated)

	As at 30th September, 2019
Margin Money Deposit [Refer (a) below]	11,17,088.00
	11,17,088.00

(a) Deposit with bank as margin money against Bank Guarantee

15. TRADE RECEIVABLES

	As at 30th September, 2019
Other trade receivables:	
Unsecured - Considered good	12,16,001.04
Unsecured - Considered doubtful	-
	12,16,001.04

16. CASH AND BANK BALANCES

	As at 30th September, 2019
Cash and Cash Equivalents	
Cash on hand	78,107.25
Bank Balances:	
In Current Accounts	10,61,875.09
	11,39,982.34

17. SHORT-TERM LOANS AND ADVANCES

	As at 30th September, 2019
Unsecured, considered good unless stated otherwise	
Loans and advances to related parties	37,12,29,498.95
Advance Income Tax [Net of Provision of Rs. 45,11,666,95/-;	26,40,220.69
Advances to suppliers	10,71,401.00
Prepaid expenses	12,491.00
Accrued Dividend income	1,58,78,450.00
Balance with statutory/government authorities (including GST input)	16,78,287.02
	39,25,10,348.66

18. OTHER CURRENT ASSETS

	As at 30th September, 2019
Unsecured, considered good unless stated otherwise	
Other Receivables	12,717.48
	12,717.48

MERINO EXPORTS PRIVATE LIMITED
Notes to the Financial Statements

(Figure in Rupees, unless otherwise stated)

19. REVENUE FROM OPERATIONS	For the six months period ended 30 September 2019
(a) Interest Income	
- On loans	2,10,45,661.40
- On deposits with Banks	41,165.46
	<u>2,10,86,826.86</u>
20. OTHER INCOME	
(a) Dividend income from non current investments	1,58,78,450.00
(b) Lease Rentals	15,58,221.80
(c) Other Rentals	64,67,676.53
(d) Profit on sale of fixed assets	71,02,476.38
	<u>3,10,06,824.71</u>
21. FINANCE COSTS	
Interest on loans from Directors and Shareholders	1,64,17,507.00
Interest Others	48.00
	<u>1,64,17,555.00</u>
22. DEPRECIATION AND AMORTISATION EXPENSE	
Depreciation and Amortisation on Tangible Assets	17,13,985.13
	<u>17,13,985.13</u>
23. OTHER EXPENSES	
Electricity Charges	36,388.38
Rent	59,537.24
Rates and Taxes	1,49,860.00
Repairs and Maintenance:	
Others	3,66,071.53
Legal and Professional Charges	18,37,362.33
Insurance Charges	32,520.24
Printing and Stationery	1,178.00
Advertisement, Publicity and Sales Promotion	5,80,000.00
Travelling Expenses	880.00
Communication Expenses	26,729.46
Payments to the Auditors	36,750.00
Bank Charges and Commission	1,53,022.28
Miscellaneous Expenses	57,446.42
	<u>33,37,745.88</u>

MERINO PROPERTIES PRIVATE LIMITED
Balance Sheet as at 30th September, 2019

(Figure in Rupees, unless otherwise stated)

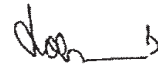
	Note No	30th Sept, 2019
I. EQUITY AND LIABILITIES		
(1) SHAREHOLDERS' FUNDS		
(a) Share Capital	2	1,00,000.00
(b) Reserves and Surplus	3	-36,391.00
TOTAL		<u>63,609.00</u>
II. ASSETS		
(1) CURRENT ASSETS		
(a) Cash and Bank Balances	4	63,609.00
TOTAL		<u>63,609.00</u>


Basis of Preparation and Accounting Policies

1 A & B

The accompanying notes numbered 1 to 5 are an integral part of the Financial Statements

Place : Delhi
Date : 06th January, 2020


 Director
 DIN: 00154013


 Director
 DIN: 00127797

MERINO PROPERTIES PRIVATE LIMITED

Statement of Profit and Loss for the period commencing from 17th January,2019 to 30th September, 2019

(Figure in Rupees, unless otherwise stated)

Particulars	Note No	Amount (Rs.)
INCOME		
Revenue from operations		-
Other Income		-
		-
EXPENDITURE		
Preliminary Expenses		22,891.00
Miscellaneous Expenses	5	13,500.00
		36,391.00
Loss for the period transferred to Surplus a/c		-36,391.00

Basis of Preparation and Accounting Policies

1 A & B

The accompanying notes numbered 1 to 5 are an integral part of the Financial Statements

Place : Delhi
Date : 06th January, 2020


BIKASH LOHIA
Director
DIN: 00154013


RUCHIRA LOHIA
Director
DIN: 00127797

Notes to Financial Statements for period ended 30th September 2019.

Note - 1

A. Basis of Preparation

These unaudited supplementary financial statements have been prepared by the management for the purpose of section 232(2) (e) of the Companies Act 2013 and are not statutory financial interim statements of the Company.

B. Accounting Standards

The accounting policies used in the preparation of these unaudited supplementary financial statements are as per the accounting standards applicable to the Company.

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MERINO PROPERTIES PRIVATE LIMITED

Notes to the Financial Statements

*(Figure in Rupees, unless otherwise stated)***Note :2 SHARE CAPITAL**

	<u>30th Sept, 2019</u>
AUTHORISED	
10,000 Equity Shares of Rs. 10/- each	1,00,000.00
ISSUED, SUBSCRIBED & PAID UP	
10,000 Equity Shares of Rs 10/- each fully paid up	1,00,000.00
	<u>1,00,000.00</u>

Note : 3 RESERVES AND SURPLUS

	<u>30th Sept, 2019</u>
Surplus/(Deficit) in the Statement of Profit and Loss	
Balance as at the beginning of the year	-
Add: Profit/(Loss) for the six months period	-36,391.00
Total amount carried forward	<u>-36,391.00</u>

Note : 4 Cash & Cash Equivalent

	<u>30th Sept, 2019</u>
Cash in Hand	5,700.00
Balance with Bank	
Kotak Mahindra Bank	57,909.00
	<u>63,609.00</u>

Note : 5 Miscellaneous Expenses

	<u>30th Sept, 2019</u>
Other Taxes and Fees	4,300.00
Filing Fees	1,200.00
Professional Charges	3,500.00
Printing and Stationery	4,500.00
	<u>13,500.00</u>

Chh... *Ruch...*

MERINO SERVICES LIMITED

Standalone Balance sheet as at 30th September, 2019

(Figure in Rupees, unless otherwise stated)

Particulars	Notes	As at 30th September, 2019
I. EQUITY AND LIABILITIES		
(1) SHAREHOLDERS' FUNDS		
(a) Share capital	3	15,70,480.00
(b) Reserves and surplus	4	2,42,46,723.09
		<u>2,58,17,203.09</u>
(2) NON-CURRENT LIABILITIES		
(a) Long-term borrowings	5	30,27,651.70
		<u>30,27,651.70</u>
(3) CURRENT LIABILITIES		
(a) Short-term borrowings	6	20,37,53,213.33
(b) Trade payables	7	77,70,165.93
(c) Other current liabilities	8	3,94,31,139.19
(d) Short-term provisions	9	63,61,754.84
		<u>25,73,16,273.29</u>
TOTAL		<u><u>28,61,61,128.08</u></u>
II. ASSETS		
(1) NON-CURRENT ASSETS		
(a) Property, plant and equipment		
(i) Tangible assets	10	97,74,863.14
(ii) Intangible assets		20,17,432.52
		<u>1,17,92,295.66</u>
(b) Non-current investments	11	9,67,46,671.11
(c) Deferred tax assets (Net)	12	3,46,44,480.00
(d) Long-term loans and advances	13	19,61,434.00
		<u>14,51,44,880.77</u>
(2) CURRENT ASSETS		
(a) Inventories	14	53,62,693.91
(b) Trade receivables	15	4,75,92,223.50
(c) Cash and bank balances	16	20,40,504.11
(d) Short-term loans and advances	17	8,48,63,552.86
(e) Other current assets	18	11,57,272.93
		<u>14,10,16,247.31</u>
TOTAL		<u><u>28,61,61,128.08</u></u>
General information and Significant Accounting Policies	1 & 2	The accompanying notes numbered 1 to 26 are an integral part of the Financial Statements

Place : Kolkata
Date : 06th January, 2020

A.K. Parui
A.K. Parui
Director

Prasun Basu
Prasun Basu
Director

MERINO SERVICES LIMITED

Standalone Statement of profit and loss for the six months period ended 30th September, 2019

(Figure in Rupees, unless otherwise stated)

Particulars	Notes	For the six months period ended 30 September 2019
Revenue from operations	20	9,61,92,849.95
Other income	21	48,92,140.37
		10,10,84,990.32
Purchases of stock-in-trade		1,40,11,385.44
Change in inventories of stock-in-trade and job -in-process	22	(9,54,950.91)
Employee benefits expenses	23	6,50,18,332.76
Finance costs	24	1,22,75,126.48
Depreciation and amortisation expenses	25	20,32,872.06
Other expenses	26	2,99,80,081.13
		12,23,62,846.96
Profit / (Loss) before tax		(2,12,77,856.64)
Tax expenses:		
Deferred tax [debit / (credit)]		(57,65,309.00)
		(57,65,309.00)
Profit for the six months period		(1,55,12,547.64)
General information and Significant Accounting Policies	1 & 2	The accompanying notes numbered 1 to 26 are an integral part of the Financial Statements

Place : Kolkata
Date : 06th January, 2020

A.K. Parui
A.K. Parui
Director

Prasun Basu
Prasun Basu
Director

MERINO SERVICES LIMITED

Standalone Statement of Cash Flow for the six months period ended 30th September, 2019

(Figure in Rupees, unless otherwise stated)

	<u>30 th Sept, 2019</u>	
A. Cash Flow From Operating Activities :		
Net Profit Before Tax		(2,12,77,856.64)
Adjustment for :		
Depreciation	20,32,872.06	
Bad Debts	5,92,381.38	
Finance Cost	1,22,75,126.48	
Profit on Sale of Assets	(3,13,378.36)	
Interest Income	(16,37,179.39)	
Dividend Income	(11,20,000.00)	
		<u>1,18,29,822.17</u>
Operating Profit Before Working Capital Changes		<u>(94,48,034.47)</u>
Adjustments for :		
Trade and Other Receivables	2,97,80,512.71	
Inventories	(9,54,950.91)	
Trade and Other Payables	(2,28,37,321.81)	
Cash Generated From Operations		<u>59,88,239.99</u>
		<u>(34,59,794.47)</u>
Net Direct Taxes Paid		(29,47,468.09)
Net Cash from Operating Activities		<u>(64,07,262.56)</u>
B. Cash Flow From Investing Activities :		
Purchase of Fixed Assets		(47,85,340.58)
Proceeds from sale of Tangible Assets		5,63,169.26
Interest Received		16,34,135.39
Net Cash used in Investing Activities		<u>(25,88,035.93)</u>
C. Cash Flow From Financing Activities :		
Proceeds from Long Term Borrowings		25,90,000.00
Repayment of Long Term Borrowing		(1,34,386.00)
Repayment of demand Loan by Subsidiary Company		(4,22,43,160.45)
Demand Loan from Body Corporate		6,73,54,634.00
Repayment of Demand Loan to Body Corporate		(1,25,00,000.00)
Increase/ (Decrease) in Cash Credit/Working Capital facilities (net)		(1,07,19,475.45)
Interest paid		(1,58,46,608.48)
Net Cash from Financing Activities		<u>(1,14,98,996.38)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		<u>(2,04,94,294.87)</u>
Cash and Cash Equivalents (opening)	2,24,97,798.98	
Cash and Cash Equivalents (closing)	<u>20,03,504.11</u>	<u>(2,04,94,294.87)</u>

(a) The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 on Cash Flow Statements.

(b) Cash and Cash Equivalents comprises (Refer note 16):

	<u>30th September, 2019</u>
Cash on hand	75,921.79
Bank Balances:	
On Current Account	19,27,582.32
	<u>20,03,504.11</u>

General Information and Significant Accounting Policies are given in Notes numbered 1 and 2.

The accompanying notes numbered 1 to 35 are an integral part of the Financial Statements

Place : Kolkata
Date : 06th January, 2020

Ashok Kumar Parui
A.K.Parui
Director

Prasun Basu
Prasun Basu
Director

MERINO SERVICES LIMITED

Notes to Financial Statements for the six months period ended 30th September 2019.

1. General Information

Merino Services Limited ("the Company") is a public limited company domiciled in India, and incorporated under the provisions of the The Indian Companies Act, 1956. The Company is engaged in production of potato seeds and trading activities. The Company is also providing Information Technology(IT) related services in India and abroad.

2.1 Basis of preparation

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

2.2 Summary of significant accounting policies

The accounting policies used in the preparation of these unaudited supplementary financial statements are those which the company followed for the preparation of its annual audited financial statements for the year ended 31st March, 2019.

MERINO SERVICES LIMITED

Notes to the Standalone Financial Statement

*(Figure in Rupees, unless otherwise stated)***3. SHARE CAPITAL**

	As at 30th September, 2019
AUTHORISED	
2,50,000 Equity shares of Rs. 10/- each	<u>25,00,000.00</u>
ISSUED	
1,70,100 Equity shares of Rs 10/- each	<u>17,01,000.00</u>
SUBSCRIBED AND PAID-UP	
700 Equity shares of Rs. 10/- each fully paid up in cash at par	7,000.00
1,56,348 Equity shares of Rs. 10/- each fully paid up pursuant to contract for consideration other than cash	15,63,480.00
	<u>15,70,480.00</u>

(a) Reconciliation of the number of shares outstanding as at 30th September, 2019 is set out below:

Particulars	As at
	As at 30th September, 2019
Number of shares outstanding at the beginning of the year	1,57,048
Number of shares outstanding at the end of the six months period	1,57,048

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

The Company has only one class of equity shares having a par value of Rs 10/- each. Each equity shareholder is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion to their shareholdings.

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

SN. Name of the shareholders	As at 30th Sept, 2019	
	No. of shares	% held
1 Mrs. Neera Lohia	35,168	22.40
2 Mr Deepak Lohia	34,900	22.22
3 Mrs. Vandana Lohia	17,600	11.21
4 Mr Prasan Lohia	17,210	10.96
5 Ms. Ruchira Lohia	12,990	8.27
6 Mrs. Sashi Lohia	7,956	5.07
7 Merino Exports Private Limited	14,100	8.98
	<u>1,39,924</u>	<u>89.11</u>

4. RESERVES AND SURPLUS

	As at 30th September, 2019
Surplus in Statement of Profit and Loss	
Balance as at the beginning of the year	3,97,59,270.73
Add / Less: Profit / (Loss) for the year	<u>(1,55,12,547.64)</u>
Amount available for appropriation	<u>2,42,46,723.09</u>

MERINO SERVICES LIMITED

Notes to the Standalone Financial Statement

*(Figure in Rupees, except otherwise stated)***As at
30th September,
2019****5. LONG-TERM BORROWINGS****Secured**

From banks:

Car loan [Refer (i) below]

30,27,651.70**30,27,651.70**

(i) Car loans are secured by hypothecation of the related asset. The said loans are repayable in 60 monthly instalments with interest @ 8.75% p.a on reducing balance method.

6. SHORT-TERM BORROWINGS**Secured**

Working Capital Loan [Refer (a) below]

From Bank:

Overdraft / Cash Credit

41,42,765.33**41,42,765.33****Unsecured****From Body Corporate:**

Indian Rupee Loan

19,96,10,448.00**19,96,10,448.00****20,37,53,213.33**

(a) Working Capital Loan is secured by way of:

i) **Primary Security:** Exclusive Hypothecation on the entire Current Assets of the company both present and future.

ii) Collateral Security:

a) Exclusive charge on the movable fixed asset of the company both present and future except vehicles and assets financed by other FIs/Banks

b) Equitable mortgage of property admeasuring 1815 sq.ft. Located at Bangalore Karnataka registered in the name of Merino Exports Private Limited.

c) Equitable mortgage of industrial land measuring 414 decimals and building thereon located at Uluberia, Howrah, West Bengal registered in the name of Merino Exports Private Limited.

iii) Corporate Guarantees:

Corporate Guarantee of Merino Exports Private Limited to the extent of value of collateral securities provided.

7. TRADE PAYABLES

Sundry Creditors

77,70,165.93**77,70,165.93****8. OTHER CURRENT LIABILITIES**

Interest accrued and due on borrowings

1,13,89,152.00

Other payables

Advances from customers

15,31,047.46

Statutory dues (including Provident Fund, Tax Deducted at

42,75,703.37

Source etc.)

Employee Benefits payable

1,75,40,886.60

Other payables

46,94,349.76**3,94,31,139.19****9. SHORT TERM PROVISIONS****Provision for employee benefits**

Provision for compensated absences

41,74,202.84

Gratuity

21,87,552.00**63,61,754.84**

MERINO SERVICES LIMITED
Notes to the Standalone Financial Statement

(Figure in Rupees, except otherwise stated)

10A. PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	GROSS BLOCK AT COST		DEPRECIATION			NET BLOCK	
	As at 31st March, 2019	Additions during the year	As at 30th Sept, 2019	For the year	Sales / adjustment during the year	As at 30th Sept, 2019	As at 31st March, 2019
Furniture and Fittings	42,05,883.49	-	41,13,858.49	1,15,818.23	92,021.50	8,72,144.72	9,87,966.45
Office Equipments	69,25,252.59	3,36,157.56	72,61,410.15	3,18,502.01	-	14,25,229.30	14,07,573.75
Computer and data processing units	1,86,04,529.53	16,59,040.50	1,80,34,558.03	11,91,932.85	22,28,973.60	33,38,844.45	28,71,775.20
Electrical Installation and Equipment	8,72,275.56	-	8,72,275.56	12,080.36	-	3.56	12,083.92
Vehicles	47,38,406.00	27,90,142.00	61,07,582.00	2,69,474.73	11,71,217.00	41,38,641.11	18,67,722.84
Total	3,53,46,347.17	47,85,340.06	3,63,89,684.23	19,07,808.18	34,92,212.10	97,74,863.14	71,47,122.16

10B. INTANGIBLE ASSETS

PARTICULARS	GROSS BLOCK AT COST		AMORTISATION			NET BLOCK	
	As at 31st March, 2019	Additions during the year	As at 30th Sept, 2019	For the year	Sales / adjustment during the year	As at 30th Sept, 2019	As at 31st March, 2019
Computer Software	24,95,821.00	-	24,95,821.00	1,25,063.88	-	20,17,432.52	21,42,496.40
Total	24,95,821.00	-	24,95,821.00	1,25,063.88	-	20,17,432.52	21,42,496.40

MERINO SERVICES LIMITED

Notes to the Standalone Financial Statement

*(Figure in Rupees, except otherwise stated)***As at
30th September,
2019****11. NON-CURRENT INVESTMENTS**

(valued at cost)

Long Term - Other than Trade Investments**Investment in Equity Instruments of Subsidiary Company**

-Unquoted

Merino Consulting Services Inc.

2,67,18,920.50

41,000 equity shares

Merino Consulting Services BV.

6,78,69,616.25

85350 equity shares

Merino Consulting Services SDN BHD.

8,559.80

100 equity shares

Merino Consulting Services ISRAEL

18,414.56

1284 equity shares

Merino Consulting Services CANADA

51,360.00

100 equity shares

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

-Unquoted

Merino Industries Limited

20,74,000.00

3,20,000 equity shares of Rs 10 each fully paid up

[Including 1,10,000 Bonus Shares]

Investment in Equity Instruments of Other Body Corporate (Fully paid up)

-Quoted

Greenply Industries Limited

2,490.00

1000 equity shares of Rs 1/- each

Greenlam Industries Limited

200 equity shares of Rs 5/- each

Star Paper Mills Limited

1,915.00

100 equity shares of Rs 10/- each

Kitply Industries Limited

1,395.00

100 equity shares of Rs 10/- each

9,67,46,671.11

(a) Aggregate amount of quoted investments

5,800.00

(b) Aggregate amount of unquoted investments

9,67,40,871.11

(c) Aggregate market value of quoted investments

3,54,405.00

MERINO SERVICES LIMITED

Notes to the Standalone Financial Statement

(Figure in Rupees, except otherwise stated)

	As at 30th September, 2019
12. DEFERRED TAX ASSETS (NET)	
Deferred Tax Liabilities	
Difference between written down value of block of assets as per income tax laws and book written down value of the fixed assets	-
Deferred Tax Assets	
Difference between written down value of block of assets as per income tax laws and book written down value of the fixed assets	7,80,133.00
Compensable loss	3,27,73,259.00
Provision for doubtful debts	40,441.00
Leave Encashment and Gratuity	10,50,647.00
	3,46,44,480.00
	3,46,44,480.00
13. LONG-TERM LOANS AND ADVANCES	
Security Deposits	19,61,434.00
	19,61,434.00
14. INVENTORIES	
IT Job-in-process	53,62,693.91
	53,62,693.91
15. TRADE RECEIVABLES	
Outstanding for a period exceeding six months from the date they are due for payment:	
Unsecured - Considered good	14,93,851.00
Unsecured - Considered doubtful	1,60,671.50
	16,54,522.50
Less: Provision for doubtful debts	1,60,671.50
	14,93,851.00
Other debts:	
Unsecured - Considered good	4,60,98,372.50
	4,75,92,223.50
16. CASH AND BANK BALANCES	
Cash and Cash Equivalents	
Cash on hand	75,921.79
Bank Balances:	
On Current Accounts	19,27,582.32
	20,03,504.11
Other Bank Balances	
Margin Money Deposit (Refer (a) below)	37,000.00
	37,000.00
	20,40,504.11
(a) Balances with banks held as margin money deposits against bank guarantees	37,000.00

MERINO SERVICES LIMITED

Notes to the Standalone Financial Statement

(Figure in Rupees, except otherwise stated)

	As at 30th September, 2019
17. SHORT-TERM LOANS AND ADVANCES	
Unsecured, considered good unless stated otherwise	
Loans and advances to subsidiaries	5,08,24,021.64
Advances recoverable in cash or kind	6,551.00
Other loans and advances	
Advance Income Tax	2,43,07,152.32
Advances to suppliers	27,881.00
Prepaid expenses	43,78,569.00
Loans to employees	38,88,989.00
Balance with statutory/government authorities	14,30,388.90
	8,48,63,552.86
18. OTHER CURRENT ASSETS	
Interest accrued on deposits	37,272.93
Accrued dividend income	11,20,000.00
	11,57,272.93
19. CONTINGENT LIABILITIES	
(i) There has been Income Tax Demand of Rs.82,91,549.00 for Assessment Year 2014-15. The Company has preferred Income Tax appeal with the Income Tax Appellate Authority against the said demand . Pending disposal of appeal , no provision for tax has been made with respect to this matter. However Income Tax Authorities have recovered an amount of Rs.82,31,196.00 against the demand and as on the Balance Sheet date, a net amount of Rs. 60,353 is still payable against the said demand.	
(ii) Interest on unsecured loan from Merino Exports Pvt Limited	80,83,551.00

MERINO SERVICES LIMITED
Notes to the Standalone Financial Statement

(Figure in Rupees, except otherwise stated)

	For the six months period ended 30 September 2019
20. REVENUE FROM OPERATIONS	
(a) Sale of products	
Domestic sales	<u>65,64,533.00</u>
	65,64,533.00
(b) Sale of Services [Refer (i) below]	
Domestic	2,29,13,440.70
Export	<u>6,52,21,942.25</u>
	8,81,35,382.95
(c) Other Operating Revenues [Refer (ii) below]	
Domestic	<u>14,92,934.00</u>
	14,92,934.00
	<u>9,61,92,849.95</u>
i) Sale of services comprises sale of IT related services	
ii) Other operating revenues comprises:	
Commission Received	<u>14,92,934.00</u>
	14,92,934.00
21. OTHER INCOME	
(a) Interest Income	
- On loans to subsidiary	16,37,179.39
(b) Dividend income from long term investments (non current)	11,20,000.00
(c) Claims from insurance company	10,00,000.00
(d) Net gain from foreign currency transactions and translations	8,21,582.62
(e) Profit on sale of assets	<u>3,13,378.36</u>
	<u>48,92,140.37</u>
22. CHANGES IN INVENTORIES OF STOCK-IN-TRADE AND JOB-IN-PROCESS	
Opening Stock	
IT Job - in - process	<u>44,07,743.00</u>
	44,07,743.00
Less: Closing Stock	
IT Job - in - process	<u>53,62,693.91</u>
	<u>53,62,693.91</u>
	<u>(9,54,950.91)</u>
23. EMPLOYEE BENEFITS EXPENSES	
Salaries, Wages, Bonus etc.	6,14,76,164.60
Contribution to Provident and Other Funds	25,85,681.50
Contribution under Employees State Insurance Scheme	57,461.00
Workmen and Staff Welfare	8,99,025.66
	<u>6,50,18,332.76</u>

(Handwritten marks)

MERINO SERVICES LIMITED

Notes to the Standalone Financial Statement

*(Figure in Rupees, except otherwise stated)***For the six months
period ended
30 September 2019****24. FINANCE COSTS**

Interest expenses	1,21,86,457.00
Other borrowing cost	88,669.48
	<u>1,22,75,126.48</u>

25. DEPRECIATION AND AMORTISATION [EXPENSES]

Depreciation and Amortisation on property, plant and equipment	19,07,808.18
Amortisation of intangible assets	1,25,063.88
	<u>20,32,872.06</u>

26. OTHER EXPENSES

Electricity Charges	11,64,718.82
Rent	38,13,330.88
Rates and Taxes	14,880.00
Repairs and Maintenance:	
Building	6,80,783.64
Others	4,39,380.93
Legal and Professional Charges	35,28,764.68
Vehicle Upkeep	3,22,554.05
Insurance Charges	17,63,798.58
Printing and Stationery	74,707.75
Postage and Courier	19,351.80
Travel Expenses	1,45,55,524.44
Communication Expenses	7,51,720.73
Bad Debts	5,92,381.38
Payments to the Auditor	67,752.00
Bank Charges and Commission	4,17,503.18
Miscellaneous Expenses	17,72,928.27
	<u>2,99,80,081.13</u>

MERINO CONSULTING SERVICES LIMITED
Balance Sheet as at 30th September, 2019

(Figure in Rupees, unless otherwise stated)

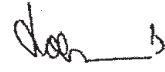
Particulars	Note No	30th Sept, 2019
I. EQUITY AND LIABILITIES		
(1) SHAREHOLDERS' FUNDS		
(a) Share Capital	2	1,00,000.00
(b) Reserves and Surplus	3	-38,892.00
TOTAL		61,108.00
II. ASSETS		
(1) CURRENT ASSETS		
(a) Cash and Bank Balances	4	61,108.00
TOTAL		61,108.00


Basis of Preparation and Accounting Policies

1 A & B

The accompanying notes numbered 1 to 5 are an integral part of the Financial Statements

Place : Delhi
Date : 06th January, 2020


Director
DIN: 00154013


Director
DIN: 00127797

MERINO CONSULTING SERVICES LIMITED

Statement of Profit and Loss for the period from 20th Feb, 2019 (date of Incorporation) to 30th September, 2019

(Figure in Rupees, unless otherwise stated)

Particulars	Note No	Amount (Rs.)
INCOME		
Revenue from operations		-
Other Income		-
		-
EXPENDITURE		
Preliminary Expenses		25,392.00
Miscellaneous Expenses	5	13,500.00
		38,892.00
Loss for the period transferred to Surplus a/c		-38,892.00

Basis of Preparation and Accounting Policies

1 A & B

The accompanying notes numbered 1 to 5 are an integral part of the Financial Statements

Place : Delhi
Date : 06th January, 2020


BIKASH LOHIA
Director
DIN: 00154013


RUCHIRA LOHIA
Director
DIN: 00127797

Notes to Financial Statements for period ended 30th September 2019.

Note - 1

A. Basis of Preparation

These unaudited supplementary financial statements have been prepared by the management for the purpose of section 232(2) (e) of the Companies Act 2013 and are not statutory financial interim statements of the Company.

B. Accounting Standards

The accounting policies used in the preparation of these unaudited supplementary financial statements are as per the accounting standards applicable to the Company.

John B. Buckner, Jr.

MERINO CONSULTING SERVICES LIMITED
Notes to the Financial Statements

(Figure in Rupees, unless otherwise stated)

Note :2 SHARE CAPITAL

	<u>30th Sept, 2019</u>
AUTHORISED	
10,000 Equity Shares of Rs. 10/- each	1,00,000.00
ISSUED, SUBSCRIBED & PAID UP	
10,000 Equity Shares of Rs 10/- each fully paid up	1,00,000.00
	<u>1,00,000.00</u>

Note : 3 RESERVES AND SURPLUS

	<u>30th Sept, 2019</u>
Surplus/(Deficit) in the Statement of Profit and Loss	
Balance as at the beginning of the year	-
Add: Profit/(Loss) for the six months period	-38,892.00
Total amount carried forward	<u>-38,892.00</u>

Note : 4 Cash & Cash Equivalent

	<u>30th Sept, 2019</u>
Cash in Hand	5,700.00
Balance with Bank	
Kotak Mahindra Bank	55,408.00
	<u>61,108.00</u>

Note : 5 Miscellaneous Expenses

	<u>30th Sept, 2019</u>
Other Taxes and Fees	4,300.00
Filing Fees	1,200.00
Professional Charges	3,500.00
Printing and Stationery	4,500.00
	<u>13,500.00</u>

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Merino Panel Products Limited
Balance Sheet as at 30th September, 2019

(Rupees in lakhs, unless otherwise stated)

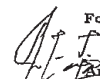
Particulars	Notes	As at 30th September 2019
ASSETS		
(1) Non-current assets		
(a) Property, plant and equipment	3 (a)	12,998.53
(b) Right of use assets	2.3	581.91
(c) Capital work-in-progress	3 (a)	866.93
(d) Other intangible assets	3 (b)	106.38
(e) Financial assets		
(i) Investments	4	4,709.63
(ii) Loans	5	155.23
(iii) Other financial assets	6	2.26
(f) Other non-current assets	7	46.80
Total non-current assets		19,467.67
(2) Current assets		
(a) Inventories	8	8,786.35
(b) Financial assets		
(i) Investments	9	6,420.64
(ii) Trade receivables	10	8,937.74
(iii) Cash and cash equivalents	11	658.19
(iv) Other bank balances	12	100.00
(v) Loans	13	65.41
(vi) Other financial assets	14	699.00
(c) Current tax asset (Net)	15	249.40
(d) Other current assets	16	635.01
Total current assets		26,551.74
Total assets		46,019.41
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	17	200.00
(b) Other equity	18	34,530.22
Total equity		34,730.22
Liabilities		
(1) Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	19	1,125.00
(iii) Lease liabilities	2.3	373.20
(b) Deferred tax liabilities (net)	20	992.29
Total non-current liabilities		2,490.49
(2) Current liabilities		
(a) Financial liabilities		
(i) Borrowings	21	1,276.42
(ii) Trade payables		
Total outstanding dues of micro enterprises and small enterprises	22	8.96
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,466.33
(iii) Other financial liabilities	23	3,053.34
(iv) Lease Liabilities	2.3	215.67
(b) Other current liabilities	24	633.42
(c) Provisions	25	144.56
Total current liabilities		8,798.70
Total liabilities		11,289.19
Total equity and liabilities		46,019.41

General information and Significant Accounting Policies

1 & 2

The accompanying notes numbered 1 to 35 are an integral part of the Financial Statements

For and on behalf of the Board of Directors


Anil Jajoo

Director


Asok Kumar Parui

Company Secretary

Place : Kolkata

Date : 6th January, 2020

Merino Panel Products Limited

Statement of Profit and Loss for the six months period ended 30th September, 2019

(Rupees in lakhs, unless otherwise stated)

Particulars	Notes	For the six months period ended 30 September 2019
INCOME		
Revenue from operations	26	26,055.48
Other income	27	653.05
Total Income		26,708.53
EXPENSES		
Cost of materials consumed	28	12,664.38
Purchases of stock-in-trade		1,728.99
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	164.99
Employee benefits expense	30	2,592.12
Finance costs	31	125.73
Depreciation and amortization expense	32	834.79
Other expenses	33	4,978.71
Total expenses		23,089.71
Profit before tax		3,618.82
Tax Expenses		
- Current Tax		910.90
- Deferred Tax Charge / (Credit)		(385.82)
Total tax expenses		525.08
Profit for the period from continuing operations		3,093.74
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurements on post employee defined benefit plan		-
Deferred tax on above		-
Total Other Comprehensive income for the six months period, net of tax		-
Total Comprehensive income for the six months period		3,093.74

General information and Significant Accounting Policies

1 & 2

The accompanying notes numbered 1 to 35 are an integral part of the Financial Statements

For and on behalf of the Board of Directors

Anil Jajoo

Director

Asok Kumar Parui
Asok Kumar Parui

Company Secretary

Place : Kolkata

Date : 6th January, 2020

Merino Panel Products Limited
Statement of changes in equity
For the six months period ended 30th September, 2019
(Rupees in lakhs, unless otherwise stated)

Particulars	Notes	Amount
A. Equity share capital		
As at 01st April 2019		200.00
Changes in equity share capital during the six months period	17	-
As at 30th September 2019		200.00


B. Other equity

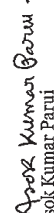
Particulars	Notes	Securities Premium	General Reserve	Retained earnings	Total other equity
Balance as at 01st April 2019	18	300.00	3,097.44	28,292.21	31,689.65
Profit for the six months period		-	-	3,093.74	3,093.74
Other comprehensive income/(expense) (net of tax)		-	-	-	-
Total comprehensive income for the six months period		-	-	3,093.74	3,093.74
Dividend		-	-	(210.00)	(210.00)
Tax on dividend		-	-	(43.17)	(43.17)
Transfer to/(from) general reserve/(retained earnings)		-	309.37	(309.37)	-
Balance as at 30th September 2019	18	300.00	3,406.81	30,823.41	34,530.22

General Information and Significant Accounting Policies are given in Notes numbered 1 and 2.

The accompanying notes numbered 1 to 35 are an integral part of the Financial Statements

For and on behalf of the Board of Directors


Anil Jajoo
Director


Asok Kumar Parui
Company Secretary

Place : Kolkata
Date : 6th January, 2020

MERINO PANEL PRODUCTS LIMITED

Cash flow statement for the six months period ended 30th September, 2019

(Rupees in lakhs, unless otherwise stated)

Particulars	For the six months period ended 30 September 2019
A. Cash flow from operating activities :	
Net profit before tax as per statement of profit and loss:	3,618.82
Adjustment for :	
Depreciation and amortisation expense	834.79
Loss on disposal of tangible/intangible assets (net)	(10.35)
Loss / (Profit) on sale of investment (net)	11.71
Fair value changes of financial assets measured at FVTPL	(146.44)
Fair value changes of derivative measured at FVTPL	23.90
Finance costs	125.73
Interest income	(193.18)
Bad and Doubtful Debts written off	0.18
Dividend Income	(3.37)
Provision/Liabilities no longer required written back	(0.06)
Unrealised foreign exchange loss (net)	(68.97)
Operating profit before working capital changes	4,192.76
Adjustments for :	
Trade receivables	(572.76)
Non-current/current financial and other assets	109.19
Inventories	1,562.31
Trade Payables	(1,675.78)
Non-current/current financial and other liabilities/provisions	1,384.83
Cash Generated From operations	5,000.55
Net direct taxes paid	(1,401.45)
Net Cash from operating activities	3,599.10
B. Cash flow from investing activities :	
Purchase of property, plant & equipment	(1,256.96)
Purchase of intangible assets	(0.95)
Proceeds from sale of property, plant & equipment/intangible assets	19.43
Purchase of investment	(1,164.32)
Proceeds from sale of investment	816.56
Interest income	322.17
Dividend income	3.37
Investment in fixed deposits	(2,307.70)
Net cash flow used in investing activities	(3,568.40)
C. Cash flow from financing activities :	
Increase/ (decrease) in cash credit/working capital facilities	(23.42)
Payment against lease liabilities	(140.14)
Interest paid	(102.32)
Dividend distribution tax paid	(43.17)
Net cash from financing activities	(309.05)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(278.35)
Cash and cash equivalents at the beginning of the period	936.54
Cash and cash equivalents at the end of the period	658.19

General Information and Significant Accounting Policies are given in Notes numbered 1 and 2.

The accompanying notes numbered 1 to 35 are an integral part of the Financial Statements

For and on behalf of the Board of Directors

Anil Jajoo



Director

Asok Kumar Parui



Company Secretary

Place : Kolkata

Date : 6th January, 2020

MERINO PANEL PRODUCTS LIMITED

Notes to Financial Statements for the period ended 30th September 2019.

Note - 1 General Information

Merino Panel Products Limited ("the Company") is a public limited company domiciled in India, and incorporated under the provisions of the Companies Act, 1956. The Company is a multiproduct and multi location company. The Company is subsidiary of Merino Industries Limited. The Registered Office of the company is located at 2nd Floor, 51 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 Surface.

Note - 2.1 Basis of Preparation

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

These separate supplementary unaudited financial statements have been prepared by the management for the purpose of Section 232 (2) (e) of the Companies Act, 2013 and are not the statutory / interim financial statements of the Company.

Note - 2.2 Significant Accounting Policies

The accounting policies used in the preparation of these unaudited supplementary financial statements are those which the company followed for the preparation of its annual audited financial statements for the year ended 31st March, 2019 and also the one in respect of revised policy on accounting of lease that came into effect from the accounting period starting on and after 1st April, 2019 as stated in Note No. 2.3 below.

Note - 2.3 Lease

Where the Company is a lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses 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.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term.

The lease liability is initially measured at amortized cost 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 in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

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 recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method.

Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 8%.

The following is the movement in lease liabilities during the six months period September 30, 2019:

Particulars	Amount
Balance as at 01st April 2019	704.75
Finance cost accrued during the period	24.26
Payment of Lease Liabilities	(140.34)
Balance as at 30th September 2019	588.67
Current	215.67
Non-Current	373.00

The following is the movement in Right of Use Assets during the six months period ended September 30, 2019:

Particulars	Amount
Balance as at 01st April 2019	704.75
Depreciation	(122.84)
Balance as at 30th September 2019	581.91

MERINO PANEL PRODUCTS LIMITED
Notes to the Financial Statements

3. (a) Property, Plant and Equipment (Rupees in lakhs, unless otherwise stated)

PARTICULARS	Land		Buildings (including leasehold land)	Roads	Plant and Machinery	Electrical Fittings	Laboratory Equipment	Furniture and Fittings	Computers*	Office Equipments	Vehicles	Total	Capital Work in Progress	Total
	Leasehold acquisition and development expenses	Freehold												
Balance as at 01st April, 2019	3.95	2,250.30	1,702.52	108.18	9,034.62	499.01	2.79	154.87	572.91	173.44	459.47	15,862.06	675.36	16,537.42
Additions during the six months period	-	18.65	307.84	-	442.23	-	2.43	4.32	22.83	18.42	60.15	877.37	866.93	1,744.30
Disposals	-	-	-	-	40.28	-	-	-	-	0.64	31.20	72.71	675.36	748.07
Balance as at 30th September, 2019	3.95	2,268.95	2,010.36	108.18	9,036.67	499.01	5.22	159.19	595.74	191.22	488.33	16,616.72	866.93	17,533.65
Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 01st April, 2019	1.20	-	130.71	22.73	2,225.55	72.31	0.54	30.89	302.95	75.84	171.57	3,043.29	-	3,043.29
Charge for the six months period	0.20	-	33.20	5.36	50.51	20.19	0.17	8.55	68.54	16.37	33.44	688.53	-	688.53
Disposals	-	-	-	-	27.57	-	-	-	-	0.51	25.65	53.63	-	53.63
As at 30th September, 2019	1.40	-	163.91	28.09	2,689.59	98.50	0.71	48.44	310.49	91.70	179.36	3,668.19	-	3,668.19
Net Carrying amount	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 30th September, 2019	2.55	2,268.95	1,846.45	80.09	7,646.48	400.51	4.51	111.25	229.25	99.52	308.97	12,998.53	866.93	13,865.46

* Computers includes Computers and other Data Processing Units

3. (b) Other intangible assets

	Computer Software (Acquired item)	Total
Balance as at 01st April, 2019	243.07	243.07
Additions during the six months period	0.95	0.95
Disposals	-	-
Balance as at 30th September, 2019	244.02	244.02
Accumulated Depreciation	-	-
As at 01st April, 2019	114.22	114.22
Charge for the six months period	23.42	23.42
Disposals	137.64	137.64
As at 30th September, 2019	-	-
Net Carrying amount	-	-
As at 30th September, 2019	106.38	106.38

[Handwritten signature]

MERINO PANEL PRODUCTS LIMITED
Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note: 4 Investments - non current

Particulars	As at 30th September 2019
-Quoted	
<i>Investment in mutual funds measured at FVTPL</i>	
Birla Sunlife Short Term Opportunities Fund	60.96
IDFC Corporate Bond Fund	122.06
ICICI Prudential Bond Fund-Growth	120.59
ICICI Prudential Medium Term Bond Fund	120.28
IDFC Bond Fund-Medium Term Plan-Growth	122.11
Birla Sun Life Medium Term Plan	59.39
IDFC Credit Risk Fund-Regular Plan	28.64
Aditiya Birla Sunlife Mutual fund-Fixed term plan - series PN-Regular Growth	265.75
HSBC FTS Growth Tenure	276.00
ICICI Prudential Fixed Maturity Plan Series 82	283.50
IDFC Banking and PSU Debt Fund-REG(G)	166.75
Axis Banking and PSU Debt Fund	132.24
AXIS FOCUSED 25 FUND GROWTH(AFGPG)	54.44
MOTILAL OSWAL MULTICAP 35 FUND REGULAR GROWTH	48.78
FRANKLIN INDIA PRIMA PLUS- GROWTH	48.68
KOTAK INDIA GROWTH FUND SERIES 5-GROWTH (REGULAR PLAN)	95.44
AXIS FTP SERIES 97- 1116 DAYS-GROWTH(WIGPG)	104.50
HDFC FMP 1372 Days, September 2018 (1)-REGULAR-GROWTH	168.00
ICICI Pru Liquid Fund-Growth	49.22
ICICI Pru - Equity Savings Fund	10.29
ICICI Pru - Multicap Fund	9.96
ICICI Pru - Balanced Advantage Fund	10.37
L & T TRIPLE ACE BOND FUND	211.47
ICICI PRUDENTIAL COMPACT FUND	76.27
TATA Capital Healthcare Fund II	5.00
AXIS BANKING & PSU DEBT FUND	311.32
IDFC BANKING & PSU DEBT FUND	312.15
Samena Catalyst India Credit Fund	238.73
-Unquoted	
-Investment in Alternative Investment fund measured at FVTPL	
Aventus Absolute Return Fund-Class A6	547.42
Aventus Enhanced Return Fund-Class A1-9Th Closure	215.86
Aventus Enhanced Return Fund-Class A1-13Th Closure	163.09
-Investment in Liquid Mutual fund measured at Amortised cost	
India Real Estate Investment Fund	66.61
-Investment in Non Convertible debenture measured at Amortised cost (Secured)	
10.25% Aspire Home Finance Corporation Limited	100.75
8.87% Kotak Mahindra Prime Limited	103.01
	4,709.63
Aggregate amount of unquoted investments	1,196.74
Aggregate amount of quoted investments	3,512.89

Note: 5 Loans - non current

Particulars	As at 30th September 2019
(Unsecured, considered good unless otherwise stated)	
-Security deposits	131.94
-Loans to employees	23.29
	155.23

Note: 6 Other financial assets-non current

Particulars	As at 30th September 2019
Fixed deposit having maturity more than 1 year	2.26
	2.26

Note: 7 Other non-current assets

Particulars	As at 30th September 2019
(Unsecured, considered good unless otherwise stated)	
Capital advances	37.52
Prepaid Expenses	9.28
	46.80

Note: 8 Inventories

Particulars	As at 30th September 2019
(At lower of cost and net realisable value)	
Raw materials	5,921.67
Work-in-progress	210.59
Finished goods	1,763.29
Stock in Trade	502.53
Stores and spares	388.27
	8,786.35

Note: 9 Investments

Particulars	As at 30th September 2019
Investments in fixed deposit measured at amortised cost	
Fixed deposit	6,150.70
Interest accrued on deposits	269.94
	6,420.64

Note: 10 Trade receivables

Particulars	As at 30th September 2019
Unsecured - considered good	8,929.24
Unsecured - considered doubtful (including dues under litigation)	70.77
	9,000.01
Less: Allowance for Credit Losses	70.77
	8,929.24
Secured - considered good	8.50
	8,937.74

Note: 11 Cash and cash equivalents

Particulars	As at 30th September 2019
Cash and cash equivalents:	
Cash on hand	4.55
Fixed Deposit having maturity less than 3 months	100.00
Balances with banks:	
On current accounts	247.27
On cash credit accounts	96.37
On Dividend account	210.00
	658.19

Note: 12 Other bank balances

Particulars	As at 30th September 2019
Deposits with original maturity of more than three months but less than 12 months	100.00
	100.00

Note: 13 Loans

Particulars	As at 30th September 2019
(Unsecured, considered good unless otherwise stated)	
-Security Deposits	46.61
-Loans to Employee	18.80
	65.41

Note: 14 Other financial assets

Particulars	As at 30th September 2019
Interest accrued on deposits	0.44
Derivative assets	13.34
Others receivables	685.22
	699.00

Note: 15 Current tax asset (Net)*

Particulars	As at 30th September 2019
Income tax (Net)	249.40
	249.40

* The Income tax expense is booked basis Weighted Average tax rate of the Company

Note: 16 Other current assets

Particulars	As at 30th September 2019
Export incentives receivable	343.71
Advances for expenses	3.03
Advances to suppliers	121.20
Prepaid expenses	44.99
Stamps on hand	0.33
Balance with statutory/government authorities	121.75
	635.01

MERINO PANEL PRODUCTS LIMITED
Notes to the Financial Statements

Note: 17 Equity share capital

Particulars	As at 30th September 2019
AUTHORISED 27,50,000 (31st March 2019 : 27,50,000) Equity Shares of Rs. 10/- each	275.00
ISSUED, SUBSCRIBED AND FULLY PAID-UP 20,00,000 (31st March 2019 : 20,00,000) Equity Shares of Rs 10/- each fully paid-up in cash	200.00

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

Particulars	As at 30th September 2019
Balance outstanding at the beginning of the period	20,00,000
Movement during the six months period	-
Balance outstanding at the end of the period	20,00,000

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

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

(c) Shares held by holding company:

Particulars	As at 30th September 2019
14,93,000 (31st March 2019 : 14,93,000) Equity Shares are held by Merino Industries Limited (MIL), the Holding Company	149.30

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

Name of the shareholders	As at 30th September 2019	
	No. of shares	% held
Merino Industries Limited	14,93,000	74.65
Merino Exports Private Limited	4,90,000	24.50
	19,83,000	99.15

MERINO PANEL PRODUCTS LIMITED
Notes to the Financial Statements

Note: 18 Other equity

Particulars	As at 30th September 2019
Securities premium reserve	
Balance as at the beginning of the period	300.00
Balance as at the end of the period	300.00
General reserve	
Balance as at the beginning of the period	3,097.44
Add: Transfer from retained earning	309.37
Balance as at the end of the period	3,406.81
Retained earnings	
Balance as at the beginning of the period	28,292.21
Add: Profit for the six months period	3093.74
Interim dividend on Equity Shares for the six months period	210.00
Dividend distribution tax on interim dividend on Equity Shares	43.17
Transfer to General reserve	309.37
Other comprehensive income	
Remeasurements of post-employment benefit obligations (net of tax)	-
	30,823.41
	34,530.22

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.

MERINO PANEL PRODUCTS LIMITED
Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note: 19 Borrowings - non current

Particulars	As at 30th September 2019
Secured Term Loan From Banks Indian Rupee Loans [Refer (a) below]	1,500.00 1,500.00
Less:- Current maturities of long term debt	375.00
	1,125.00

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

Bank	As at 30th September 2019	As at 31st March 2019	Nature of Securities	Repayment Terms
The Hong Kong and Sanghai Banking Corporation Limited	1,500.00	1,500.00	Exclusive Charge on the Solar Plant Repayable in twelve equal quarterly instalments with two year moratorium Situated at Budak Village Distt. Hissar instalments is being due on Haryana along with followings Mutual period, First instalment is being due on 21st Feb 2020. Interest is payable funds of the Company:- 1. ICICI Prudential Medium Term Bond monthly varying between 7.08 - 7.75 % p.a. Fund (G)- 406,502.413 Units ; 2. IDFC Corporate Bond Fund - is Rs.125 lacs each. Last instalment is due 921,234.45 Units; 3. Aditya Birla Sunlife Short Term Opportunities Fnd - 188,388.487 units	
	1,500.00	1,500.00		

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

MERINO PANEL PRODUCTS LIMITED
Notes to the Financial Statements

Note: 20 Deferred tax liabilities (net)*

Particulars	As at 30th September 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	1,027.49
Derivative liability	7.29
Investments	27.90
	1,062.68
Deferred Tax Assets	
Disallowance allowable for tax purpose on payment	70.39
	70.39
	992.29

Note: 21 Borrowings

Particulars	As at 30th September 2019
Secured	
Working Capital Loan (Refer (a) below)	
From Banks:	
Rupee packing credit loan	1,230.00
Others (Refer (b) below)	
From Banks:	
Bills discounted with bank	46.42
	1,276.42

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

- i) Primary Security : Hypothecation of the trade receivable and inventories of the Company on pari-passu basis, both present and future.
- ii) Collateral : Charge over all property, plant and equipment including Capital work in progress of the Company both present and future, on pari-passu basis.

(b) Bills Discounting facility is secured by First Loss Default Guarantee issued to the respective bank upto a ceiling of 5% of the sanctioned limits.

Note: 22 Trade payables

Particulars	As at 30th September 2019
Trade Payables	
-Total outstanding dues of micro enterprises and small enterprises	8.96
-Total outstanding dues of creditors other than micro enterprises and small enterprises	3,466.33
	<u>3,475.29</u>

Note: 23 Other financial liabilities

Particulars	As at 30th September 2019
Current maturities of long-term debt (Refer Note 19)	375.00
Interest accrued but not due on borrowings	0.05
Liabilities for purchase of capital assets	103.74
Employee benefits payable	541.96
Payable to Holding Company	196.20
Deposits from Customers	9.25
Contract liability against loyalty points	83.33
Refund liability against periodical schemes	344.86
Unpaid Dividend	210.00
Other payables	1,188.95
	<u>3,053.34</u>

Note: 24 Other current liabilities

Particulars	As at 30th September 2019
Advances from customers/Contract Liability	226.31
Statutory dues	407.11
	<u>633.42</u>

Note: 25 Provisions

Particulars	As at 30th September 2019
Provision for employee benefits	
Leave obligations	118.36
Gratuity	26.20
	<u>144.56</u>

MERINO PANEL PRODUCTS LIMITED
Notes to the Financial Statements

Note: 26 Revenue from operations

Particulars	For the six months period ended 30 September 2019
(i) Sale of products	
Domestic	17,532.83
Export	8,228.14
	25,760.97
(ii) Sale of services	
Income from job work	13.85
(iii) Other operating revenues	
Export incentives	209.30
Scrap sales	71.36
Revenue from operations	26,055.48

Note: 27 Other income

Particulars	For the six months period ended 30 September 2019
(i) Interest Income from financial asset at amortised cost	
- On bank and other deposits	193.15
- On loans to others	0.03
(ii) Claims from insurance company	39.02
(iii) Provision/liabilities no longer required written back	0.06
(iv) Profit on sale of property, plant and equipment	12.05
(v) Recovery of bad debts	1.20
(vi) Tax Paid under Protest-refunded	8.96
(vi) Miscellaneous Income	16.12
(vii) Fair value changes of financial assets measured at FVTPL	146.44
(viii) Fair value changes of derivative measured at FVTPL	(23.90)
(ix) Profit/(Loss) on sale of investment measured at FVTPL (Net)	(11.71)
(x) Net gain on foreign currency transactions and translations	268.26
(xi) Dividend Income from Mutual funds	3.37
	653.05

Note: 28 Cost of materials consumed

Particulars	For the six months period ended 30 September 2019
Raw Materials Consumed	
Opening Stock	7,367.48
Purchases during the year	12,163.19
	19,530.67
Less: Cost of materials sold	944.62
	18,586.05
Less: Closing Stock	5,921.67
	12,664.38

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

Particulars	For the six months period ended 30 September 2019
Opening Stock	
- Work-in-progress	109.08
- Finished Goods	2,005.49
- Stock in Trade	526.84
	2,641.41
Less: Closing Stock	
- Work-in-progress	210.59
- Finished Goods	1,763.30
- Stock in Trade	502.53
	2,476.42
	164.99

Note: 30 Employee benefits expense

Particulars	For the six months period ended 30 September 2019
Salaries, Wages, Bonus etc.	2,387.72
Contribution to Provident and Other Funds	145.07
Workmen and Staff Welfare	59.33
	2,592.12

Note: 31 Finance costs

Particulars	For the six months period ended 30 September 2019
Interest expense	113.29
Other borrowing costs	12.44
	125.73

Note: 32 Depreciation and amortization expense

Particulars	For the six months period ended 30 September 2019
Depreciation and amortization of property, plant and equipment (including leasehold land)	688.53
Amortization of Intangible assets	23.42
Amortization of right to use asset	122.84
	834.79

Note: 33 Other expenses

Particulars	For the six months period ended 30 September 2019
Consumption of stores and spare Parts	332.62
Power and fuel	948.82
Rent	8.61
Rates and taxes	59.45
Repairs to :	
Buildings	22.72
Plant and machinery	73.06
Others	49.32
Legal and professional	57.85
Vehicle upkeep	148.68
Carriage outward	442.30
Packing and forwarding	329.31
Insurance	105.29
Commission	167.29
Printing and stationery	10.62
Postage and courier	10.87
Advertisement and business promotion	1,249.13
Travelling	100.37
Communication	34.95
Bad Debts and advances written off	0.18
Payments to the Auditors	8.32
Bank charges and commission	11.55
Loss on sale/disposal of property, plant and equipment	1.70
CSR expenditure	90.00
Charity and Donation	254.60
Software Expenses	182.21
Miscellaneous (include share of common expenses reimbursed to the Holding Company)	278.89
	4,978.71

MERINO PANEL PRODUCTS LIMITED
Notes forming part of financial statements

(Rupees in lakhs, unless otherwise stated)

Note: 34 Contingent liabilities

Particulars	As at 30th September 2019
Claims against the Company not acknowledged as debts :	
Disputed Tax and Duty for which the Company has preferred appeals before appropriate authority :	
Income Tax	296.57
Sales Tax	181.28
Excise duty	550.13
Custom Duty (Amount paid under protest Rs 3.50)	9.55
	1,037.53

Note:-

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.

Note: 35 Capital and other commitments

Particulars	As at 30th September 2019
(a) 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 Rs. 690.67 (31 March 2019 : Rs.715.20) is yet to be received.	39.63
Obligation against Advance Licenses	1,829.72
Outstanding Letters of Credit	462.33
TOTAL	2,454.11

For and on behalf of the Board of Directors

Anil Kumar Parui  Director

Asok Kumar Parui  Company Secretary

Place : Kolkata
Date : 6th January, 2020

MERINO INDUSTRIES LIMITED
Standalone Balance sheet as at 30th September, 2019

(Rupees in lakhs, unless otherwise stated)

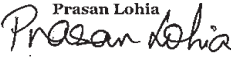

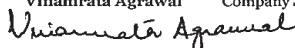
Particulars	Notes	As at 30th September, 2019
ASSETS		
(1) Non-current assets		
(a) Property, Plant and Equipment	3(a)	35,300.21
(b) Right-of-use assets	2.3	1,389.03
(c) Capital work-in-progress	3(b)	1,188.76
(d) Other intangible assets	3(c)	72.93
(e) Financial assets		
(i) Investments	4	5,451.83
(ii) Loans	5	35.79
(f) Other non-current assets	6	659.36
Total non-current assets		43,797.91
(2) Current assets		
(a) Inventories	7	25,165.10
(b) Biological assets other than bearer plants	8	760.44
(c) Financial assets		
(i) Trade receivables	9	12,767.52
(ii) Cash and cash equivalents	10	4,000.50
(iii) Other bank balances	11	399.81
(iv) Loans	12	268.36
(v) Other financial assets	13	226.15
(d) Current tax assets (net)	14	1,055.81
(e) Other current assets	15	3,972.71
Total current assets		48,616.40
Total assets		92,414.31
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	16	1,047.03
(b) Other equity	17	51,409.73
Total equity		52,456.76
Liabilities		
(1) Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	18	6,544.20
(ii) Lease liabilities	2.3	812.02
(b) Deferred tax liabilities (net)	19	2,827.65
(c) Other non-current liabilities	20	96.49
Total non-current liabilities		10,280.36
(2) Current liabilities		
(a) Financial liabilities		
(i) Borrowings	21	9,987.27
(ii) Trade payables:	22	
Total outstanding dues of micro enterprises and small enterprises		-
Total outstanding dues of creditors other than micro enterprises and small enterprises		8,752.35
(iii) Lease liabilities	2.3	495.00
(iv) Other financial liabilities	23	9,068.90
(b) Other current liabilities	24	1,078.39
(c) Provisions	25	295.28
Total current liabilities		29,677.19
Total liabilities		39,957.55
Total equity and liabilities		92,414.31

General information and Significant Accounting Policies

1 & 2

The accompanying notes
numbered 1 to 35 are an
integral part of the
Financial Statements

For and on behalf of the Board of Directors

Prasan Lohia Whole Time Director

 Sanjay Banka Chief Financial Officer

 Vinamrata Agrawal Company Secretary


Place : Kolkata
Date : 6th January, 2020

MERINO INDUSTRIES LIMITED

Standalone Statement of profit and loss for the six months period ended 30th September, 2019

(Rupees in lakhs, unless otherwise stated)

Particulars	Notes	For the six months period ended 30 September 2019
INCOME		
Revenue from operations	26	50,737.92
Other income	27	731.15
TOTAL INCOME		51,469.07
EXPENSES		
Cost of materials consumed	28	23,335.48
Purchases of stock-in-trade		2,342.03
Changes in inventories of finished goods, stock-in-trade, work-in-progress and biological assets	29	445.49
Employee benefits expense	30	6,599.62
Finance costs	31	852.48
Depreciation and amortization expense	32	1,952.20
Other expenses	33	11,476.31
TOTAL EXPENSES		47,003.61
Profit before Tax		4,465.46
Tax expenses		
- Current tax		1,123.96
- Deferred tax charge / (credit)		(558.71)
Total tax expenses		565.25
Profit for the year from continuing operations		3,900.21
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Changes in fair value of FVOCI equity instruments		427.34
Deferred tax relating to these items		(99.71)
Total Other Comprehensive Income for the six months period, net of tax		327.63
Total Comprehensive Income for the six months period		4,227.84

General information and Significant Accounting Policies

1 & 2

The accompanying notes numbered 1 to 35 are an integral part of the Financial Statements

For and on behalf of the Board of Directors

Prasan Lohia
Prasan Lohia

Whole Time Director

Sanjay Banka
Sanjay Banka

Chief Financial Officer

Vinamrata Agrawal
Vinamrata Agrawal

Company Secretary

Place : Kolkata

Date : 6th January, 2020

MERINO INDUSTRIES LIMITED

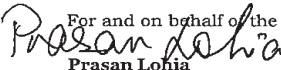
Standalone Statement of Cash Flow for the six months period ended 30th September, 2019


(Rupees in lakhs, unless otherwise stated)

Particulars	For the six months period ended 30 September 2019
A. Cash Flow from Operating Activities :	
Net Profit Before Tax as per statement of Profit and Loss:	4,465.46
Adjustments for :	
Depreciation and amortisation expense	1,952.20
Bad debts and advances written off	5.88
Finance Costs	852.48
Loss on Sale/Disposal of property, plant and equipment (net)	(6.44)
(Gain) /Loss on Fair valuation of derivatives measured at FVTPL	78.37
Interest Income	(82.20)
Provisions/Liabilities no longer required written back	(0.02)
Operating Profit before Working Capital Changes	7,265.73
Adjustments for :	
Trade receivables	(1,341.83)
Non-Current/Current financial and other assets	(2,189.14)
Inventories	3,922.90
Biological assets other than bearer plants	(80.58)
Trade payables	(3,125.39)
Non-Current/Current financial and other liabilities/provisions	4,579.96
Cash Generated from Operations	9,031.65
Net Direct Taxes Paid	(1,187.20)
Net Cash from Operating Activities	7,844.45
B. Cash Flow from Investing Activities :	
Purchase of property, plant and equipment	(3,284.32)
Purchase of Intangible Assets	(0.48)
Proceeds from sale of property, plant and equipment	16.77
Interest Income	87.43
Net Cash Flow used in Investing Activities	(3,180.60)
C. Cash Flow from Financing Activities :	
Repayment of Long Term Borrowings	(1,016.51)
Proceeds from Long-Term Loans from Banks	5,912.60
Repayment of Short-Term Loans from Banks	(4,500.00)
Proceeds from Demand Loan from Body Corporates	568.36
Increase/ (Decrease) in Cash Credit/Working Capital facilities (net)	(220.62)
Payment against lease liabilities	(444.15)
Interest paid	(783.47)
Dividend paid	(362.94)
Dividend Distribution Tax paid	(42.38)
Net Cash Flow used in Financing Activities	(889.11)
Net Decrease in Cash and Cash Equivalents (A+B+C)	3,774.74
Cash and Cash Equivalents at the beginning of the period	225.76
Cash and Cash Equivalents at the end of the period	4,000.50

General Information and Significant Accounting Policies are given in Notes numbered 1 and 2.

The accompanying notes numbered 1 to 35 are an integral part of the Financial Statements

For and on behalf of the Board of Directors

 Prasan Lohia Whole Time Director


 Sanjay Banka Chief Financial Officer


 Vinamrata Agrawal Company Secretary

Place : Kolkata
 Date : 6th January, 2020

MERINO INDUSTRIES LIMITED
Statement of changes in equity for the six months period ended 30th September, 2019

(Rupees in lakhs, unless otherwise stated)

Particulars	Notes	Amount
As at 1st April, 2019		1,047.03
Changes in equity share capital during the six months period	16	-
As at 30th September, 2019		1,047.03

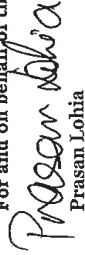
B. Other equity

Particulars	Notes	Securities Premium	General Reserve	FVOCI - equity instruments	Retained earnings	Total other equity
Balance as at 1st April, 2019	17	87.48	6,791.92	3,506.81	37,201.00	47,587.21
Profit for the six months period		-	-	-	3,900.21	3,900.21
Other comprehensive income/(expense) (net of tax)		-	-	327.63	-	327.63
Total comprehensive income for the six months period		-	-	327.63	3,900.21	4,227.84
Interim dividend on Equity Shares for the six months period		-	-	-	(362.94)	(362.94)
Dividend distribution tax on interim dividend on Equity Shares		-	-	-	(42.38)	(42.38)
Transfer to/(from) general reserve/(retained earnings)		-	-	-	-	-
Balance as at 30th September, 2019	17	87.48	6,791.92	3,834.44	40,695.89	51,409.73

General Information and Significant Accounting Policies are given in Notes numbered 1 and 2.

The accompanying notes numbered 1 to 35 are an integral part of the Financial Statements

For and on behalf of the Board of Directors


Prasan Lohia
Whole Time Director


Sanjay Banka
Chief Financial Officer


Vinamrata Agrawal
Company Secretary

Place : Kolkata

Date : 6th January, 2020

Notes to Financial Statements for the six months period ended 30th September 2019.

Note - 1 General Information

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

Note - 2.1 Basis of Preparation

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

These separate supplementary unaudited financial statements have been prepared by the management for the purpose of Section 232 (2) (e) of the Companies Act, 2013 and are not the statutory / interim financial statements of the Company.

Note - 2.2 Significant Accounting Policies

The accounting policies used in the preparation of these unaudited supplementary financial statements are those which the company followed for the preparation of its annual audited financial statements for the year ended 31st March, 2019 and also the one in respect of revised policy on accounting of lease that came into effect from the accounting period starting on and after 1st April, 2019 as stated in Note No. 2.3 below.

Note - 2.3 Lease

Where the Company is a lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses 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.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term.

The lease liability is initially measured at amortized cost 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 in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

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 recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method.

Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 8%.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of Rs.1576.07 Lakhs, and a lease liability of Rs.1576.07 Lakhs.

The effect of this adoption is not material on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments

The following is the movement in lease liabilities during the six months period ended September 30, 2019:

Particulars	Amount (Rs./Lakhs)
Balance as at 01st April 2019	1,576.07
Additions during the period	121.37
Finance cost accrued during the period	53.73
Payment of Lease Liabilities	(444.15)
Balance as at 30th September 2019	1,307.02
Current	495.00
Non-Current	812.02

The following is the movement in Right of Use Assets during the six months period ended September 30, 2019:

Particulars	Amount (Rs./Lakhs)
Balance as at 01st April 2019	1,576.07
Additions during the period	121.37
Depreciation	(308.41)
Balance as at 30th September 2019	1,389.03

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MERINO INDUSTRIES LIMITED
Notes to the Standalone Financial Statement

(Rupees in lakhs, unless otherwise stated)

3. (a) Premises, Plant and Equipment

PARTICULARS	Land		Buildings on Leasehold Land	Buildings on Freehold Land	Culverts	Roads	Plant and Machinery	Electrical Fittings	Laboratory Equipment	Furniture and Fittings	Computers*	Office Equipment	Vehicles	Live Stock	Total
	Leasehold	Freehold													
Balance as at 01st April, 2019	2,617.05	4,442.16	3,422.72	4,466.22	64.93	608.92	20,850.97	1,163.05	109.95	633.75	463.68	388.88	889.79	-	40,122.07
Additions during the six months period	-	106.71	57.87	229.38	-	-	3,584.14	3.11	5.15	64.18	41.2	22.15	21.82	0.45	4,136.16
Disposals	-	-	-	-	-	-	14.50	3.66	-	12.37	2.33	2.91	7.48	-	43.15
Balance as at 30 th September, 2019	2,617.05	4,548.87	3,480.59	4,695.60	64.93	608.92	24,420.91	1,162.30	115.10	685.56	502.65	408.12	904.13	0.45	44,215.08
Accumulated Depreciation															
As at 01st April 2019	36.35	-	390.43	481.27	3.14	190.14	5,303.76	179.36	24.70	130.73	251.50	174.74	260.86	-	7,336.08
Charge for the six months period	13.33	-	93.58	86.82	1.09	49.91	1,110.11	60.95	6.40	35.95	57.79	37.78	66.00	-	1,407.71
Disposals	-	-	-	-	-	-	9.60	3.89	-	6.49	2.22	2.53	6.39	-	23.82
As at 30th September, 2019	49.68	-	394.01	568.09	4.23	240.05	6,404.27	236.72	31.10	155.19	307.07	209.99	314.47	-	8,944.87
Net carrying amount															
As at 30th September, 2019	2,567.37	4,548.87	3,086.58	4,127.51	60.70	368.87	18,016.64	925.48	84.00	530.37	195.58	198.13	589.66	0.45	35,270.21

* Computers includes Computers and other Data Processing Units

3. (b) Capital work-in-progress as on 30th September, 2019 : Rs. 1,888.76

3. (c) Other Intangible assets	Computer Software	Total
PARTICULARS		
Balance as at 01st April, 2019	320.96	320.96
Additions during the six months period	0.48	0.48
Disposals	-	-
Balance as at 30 th September, 2019	321.44	321.44
Accumulated Depreciation		
As at 01st April 2019	215.47	215.47
Charge for the six months period	33.04	33.04
Disposals	-	-
As at 30th September, 2019	248.51	248.51
Net carrying amount		
As at 30th September, 2019	72.93	72.93

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MERINO INDUSTRIES LIMITED
Notes to the Standalone Financial Statement

(Rupees in lakhs, unless otherwise stated)

Note 4 : Investments	As at 30th September, 2019
Investment in Equity Instruments of Subsidiary Company (measured at Cost)	
<i>Unquoted</i>	
Merino Panel Products Limited	
30 th September, 2019: 14,93,000 (31st March, 2019: 14,93,000) equity shares of Rs 10 each fully paid up	149.30
Investments in Equity Instruments measured at FVOCI	
<i>Unquoted</i>	
Merino Services Limited	
30 th September, 2019 : 6,000 equity shares of Rs 10 each fully paid up	309.96
Merino Exports Private Limited	
30 th September, 2019 : 6,000 equity shares of Rs 10 each fully paid up	4,687.92
Merinoply and Chemicals Limited*	
30 th September, 2019 : 82,003 equity shares of Rs 10 each fully paid up	5.19
Less: Provision for diminution in book value of investments	(5.19)
<i>Quoted</i>	
Bank of Baroda	
30 th September, 2019 : 5,000 equity shares of Rs.2 each fully paid up	4.65
	5,151.83
(a) Aggregate amount of quoted investments	4.65
(b) Aggregate amount of unquoted investments	5,152.37
(c) Aggregate amount of impairment in value of investments*	5.19

Note-

* Merinoply and Chemicals Limited went into liquidation. Investment is carried at NIL value. Cost of investment was Rs. 5.19 Lakhs.

Note 5: Loans-non current	As at 30th September, 2019
<i>(Considered good - unsecured)</i>	
Security Deposits	35.49
Loans to employees	0.30
	35.79

Note 6: Other non-current assets	As at 30th September, 2019
<i>(Considered good - unsecured)</i>	
Capital advances	509.46
Security deposits	149.90
	659.36

SR Paul

MERINO INDUSTRIES LIMITED
Notes to the Standalone Financial Statement

Note 7: Inventories	As at 30th September, 2019
<i>(At lower of cost and net realisable value)</i>	
Raw materials	12,676.34
Work-in-progress	1,338.04
Stock-in-trade	88.37
Finished goods	8,226.95
Stores and spares	2,835.40
	25,165.10

Note 8: Biological assets other than bearer plants	As at 30th September, 2019
<i>Potato seed</i>	
Opening value of biological assets	
Cost incurred during the year	669.40
Harvested potatoes transferred to inventories and sold during the year	14.95
Harvested potatoes transferred to inventories	-
Closing value of biological assets - Potato Seed	684.35
<i>Crops</i>	
Opening value of biological assets	10.46
Cost incurred during the year	76.09
Purchases	-
Harvested crops transferred to inventories and sold during the year	-
Harvested crops transferred to inventories	10.46
Closing value of biological assets - Crops	76.09
	760.44

S P Paul

MERINO INDUSTRIES LIMITED
Notes to the Standalone Financial Statement

Note 9: Trade receivables	As at 30th September, 2019
Un-secured, Considered good [Refer (a) below]	12,517.52
Credit impaired	89.36
	12,606.88
Less : Impairment allowance	89.36
	12,517.52
Secured, considered good	250.00
	250.00
	12,767.52

(a) Trade receivables are hypothecated to secure short term and long term borrowings

Note 10: Cash and cash equivalents	As at 30th September, 2019
<i>Balances with Banks</i>	
On current accounts	380.14
Fixed deposit having maturity of less than one year	3,600.54
Cash on hand	12.24
Foreign currency on hand	7.58
	4,000.50

Note 11: Other bank balances	As at 30th September, 2019
Margin money deposit [Refer (a) below]	11.65
On unpaid dividend accounts [Refer (b) below]	388.16
	399.81

(a) Margin money given towards bank guarantee
(b) Earmarked for payment of unclaimed dividends.

Note 12: Loans	As at 30th September, 2019
<i>(Unsecured, considered good unless otherwise stated)</i>	
Security deposits	142.09
Loans to employees	126.27
	268.36

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MERINO INDUSTRIES LIMITED
Notes to the Standalone Financial Statement

Note 13: Other financial assets	As at 30th September, 2019
Others	
Interest accrued on deposits	9.25
Derivative assets	20.70
Other receivables	196.20
	226.15

Note 14: Current tax assets (net)*	As at 30th September, 2019
Advance Income Tax	1,055.81
	1,055.81

* The Income tax expense is booked basis Weighted Average tax rate of the Company

Note 15: Other current assets	As at 30th September, 2019
Export incentives receivable	274.81
Advances recoverable in cash or in kind	14.52
Advances to suppliers	1,803.70
Prepaid expenses	305.20
Balances with statutory/government authorities	1,527.35
Stamps on hand	0.47
Advance with LIC for defined benefit plan	46.66
	3,972.71

h R Paul

MERINO INDUSTRIES LIMITED
Notes to the Standalone Financial Statement

(Rupees in lakhs, unless otherwise stated)

Note 16: Equity share capital	As at 30th September, 2019
AUTHORISED 1,70,00,000 (31st March, 2019 : 1,70,00,000) Equity Shares of Rs. 10/- each	1,700.00
ISSUED 1,05,66,100 (31st March, 2019 : 1,05,66,100) Equity Shares of Rs 10/- each	1,056.61
SUBSCRIBED AND PAID-UP 1,03,69,600 (31st March, 2019 : 1,03,69,600) Equity Shares of Rs 10/- each fully paid up	1,036.96
Add : Forfeited Equity Shares : Amount paid-up on 1,96,500 (31st March, 2019 : 1,96,500) Equity Shares	10.07
	1,047.03

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

Particulars	As at 30th September, 2019
Balance outstanding at the beginning of the period	103,69,600
Movement during the six months period	-
Balance outstanding at the end of the period	103,69,600

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

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

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

SN.	Names of the shareholders	As at 30th September, 2019	
		No. of shares	% held
1	Merino Exports Private Limited	30,65,700	29.56
2	Mr Bikash Lohia	6,40,600	6.18
3	Mr Prakash Lohia	5,66,020	5.46
4	Mr Deepak Lohia	6,15,189	5.93
5	Mr Madhusudan Lohia	7,21,635	6.96
		56,09,144	54.09

Note 17: Other equity	As at 30th September, 2019
Reserves and surplus:	
Securities premium	
Balance as at the beginning of the period	87.48
Addition during the six months period	-
Balance as at the end of the period	87.48
General reserve	
Balance as at the beginning of the period	6,791.92
Add : Transferred from surplus in statement of profit and loss	-
Balance as at the end of the period	6,791.92
Retained earnings	
Balance as at the beginning of the period	37,201.00
Add: Profit for the six months period	3,900.21
Amount available for appropriation	41,101.21
Less : Appropriations:	
Interim dividend on Equity Shares for the six months period	362.94
Dividend distribution tax on interim dividend on Equity Shares	42.38
Transfer to General Reserve	-
Balance as at the end of the period	40,695.89
Total (I)	47,575.29

Other reserves	As at 30th September, 2019
Equity Instruments through Other Comprehensive Income	
Opening balance	3,506.81
Change in fair value of FVOCI equity instruments	427.34
Deferred tax	(99.71)
Total (II)	3,834.44
Total Other Equity (I + II)	51,409.73

Nature and purpose of other reserves

Securities premium reserve

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

General reserve

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

FVOCI equity investments

The Company has elected to recognise changes in the fair value of investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments through other reserve under equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

MERINO INDUSTRIES LIMITED
Notes to the Standalone Financial Statement

(Rupees in lakhs, unless otherwise stated)

Note 18: Borrowings - non current		As at 30th September, 2019
Secured		
Term Loans		
From Banks:		
Indian Rupee Loans [Refer (a) and (b) below]		2,002.79
Foreign Currency Loan [Refer (c) below]		6,189.91
		8,192.70
Less : Current maturities (payable within one year)		
Indian Rupee Loans [Refer (a) and (b) below]		1,001.65
Foreign Currency Loan [Refer (c) below]		646.85
		1,648.50
		6,544.20

Note:-

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

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

Bank	As at 30th September, 2019	Nature of Securities	Repayment Terms
The Hong Kong and Shanghai Banking Corporation Limited	2,000.00	Exclusive charge on movable and immovable Property, plant and equipment of the Dahej Project. Second pari passu charge on entire current assets of the Company both present and future.	Repayable in sixteen equal quarterly instalments with moratorium period of one year. Interest is payable monthly @ 7.99 % p.a. The balance amount of the loan of Rs.2000 is repayable in eight equal quarterly instalments of Rs.250 each. Last instalment will be due on 22nd September, 2021.
	2,000.00		

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

Bank	As at 30th September, 2019	Nature of Securities	Repayment Terms
Standard Chartered Bank Limited	277.31	First pari passu charge on the entire Property, plant and equipment of the Company, both present and future (excluding assets which are exclusively charged to other lenders) and second pari passu charge on the entire current assets of the Company, both present and future.	Repayable in sixteen equal quarterly instalments starting from the end of fifteen months from the date of disbursement. Interest is payable in every three months at 9.90% p.a on fully hedged basis. The balance amount of the loan of Rs.277.31 is repayable in four equal quarterly instalments of Rs.69.33 each on fully hedged basis. Last instalment will be due on 21st August, 2020.
Citi Bank, N.A	5912.6	Exclusive charge on movable and immovable Property, plant and equipment of the Dahej Project. Second pari passu charge on entire current assets of the Company both present and future.	Repayable in sixteen equal quarterly instalments starting from the end of fifteen months from the date of disbursement. Interest is payable in every three months at 8.04% p.a on fully hedged basis.
	6,189.91		

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

Note 19: Deferred tax liabilities (net)*	As at 30th September, 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	1,804.47
Investment in Equity shares	1,164.57
	2,969.04
Deferred Tax Assets	
Disallowance of expense allowable for tax purpose on payment basis	116.54
Others	24.85
	141.39
	2,827.65

Note 20: Other non-current liabilities	As at 30th September, 2019
Deferred government grants	96.49
	96.49

Note 21: Borrowings	As at 30th September, 2019
Secured (Refer (a) below)	
Working Capital Loan	
From Banks:	
Overdraft / Cash Credit	205.27
Working Capital Demand Loan	2,013.64
Rupee Packing Credit Loan	4,450.00
Others	
Bills discounted with banks (Refer (b) below)	250.00
	6,918.91
Unsecured	
Short-Term Loan	
From Banks:	
Indian Rupee Loan	3,068.36
	3,068.36
	9,987.27

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

i) Primary Security : Hypothecation of the trade receivable, inventories of the Company on *Pari Passu* basis, both present and future.

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

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

Note 22: Trade payables:	As at 30th September, 2019
Total outstanding dues of creditors other than those due to micro enterprises and small enterprises	8,752.35
	8,752.35

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Note 23: Other financial liabilities	As at 30th September, 2019
Current maturities of long-term debt (refer note 18)	1,648.50
Interest accrued but not due on borrowings	93.02
Unpaid dividends *	25.23
Proposed dividend	362.94
Deposits from customers and suppliers	953.69
Employee benefits payable	1,052.26
Liability against future lease rentals	
Other payables	4,933.26
	9,068.90

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

Note 24: Other current liabilities	As at 30th September, 2019
Liabilities under litigation	96.80
Contract liabilities / advances from customers	789.29
Statutory dues	192.30
	1,078.39

Note 25: Provisions	As at 30th September, 2019
Provision for employee benefits	295.28
	295.28

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MERINO INDUSTRIES LIMITED
Notes to the Standalone Financial Statement

(Rupees in lakhs, unless otherwise stated)

Note 26: Revenue from operations	For the six months period ended 30 September 2019
(i) Sale of products	
Domestic	38,654.31
Export	11,288.43
	49,942.74
(ii) Sale of services	
Income from job work	173.53
(iii) Other operating revenue	
Export incentives	265.42
Scrap sales	356.23
	621.65
Revenue from operations	50,737.92

MERINO INDUSTRIES LIMITED
Notes to the Standalone Financial Statement

Note 27: Other income	For the six months period ended 30 September 2019
(i) Interest Income on financial assets measured at amortised cost	
- On bank and other deposits	82.20
(iii) Claims from insurance companies	44.06
(iv) Provisions / Liabilities no longer required written back	0.02
(v) Profit on sale of property, plant and equipment	7.30
(vi) Recovery of bad debts	0.37
(vii) Net gain on foreign currency transactions and translation	391.44
(viii) Fair value gain/(loss) on derivatives	(78.37)
(ix) Miscellaneous Income	284.13
	731.15

Note 28: Cost of materials consumed	For the six months period ended 30 September 2019
Raw Materials Consumed	
Opening Stock	16,864.42
Purchases and Incidental expenses	19,147.40
	36,011.82
Less: Cost of raw materials sold	
	36,011.82
Less: Closing Stock	12,676.34
	23,335.48

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MERINO INDUSTRIES LIMITED
Notes to the Standalone Financial Statement

Note 29: Changes in inventories of finished goods, stock-in-trade, work-in-progress and biological assets	For the six months period ended 30 September 2019
<i>Opening Stock</i>	
- Work-in-progress	844.01
- Finished Goods	8,329.07
- Biological assets	679.86
- Stock-in-Trade	1,006.35
	10,859.29
<i>Less: Closing Stock</i>	
- Work-in-progress	1,338.04
- Finished Goods	8,226.95
- Biological assets	760.44
- Stock-in-Trade	88.37
	10,413.80
	445.49

Note 30: Employee benefits expense	For the six months period ended 30 September 2019
Salaries, Wages, Bonus etc.	5,968.89
Contribution to Provident and Other Funds	456.81
Workmen and Staff Welfare	173.92
	6,599.62

Note 31: Finance costs	For the six months period ended 30 September 2019
Interest expense	813.17
Other borrowing costs	39.31
	852.48

Note 32: Depreciation and amortization expense	For the six months period ended 30 September 2019
Depreciation and amortization on property, plant and equipment	1,610.75
Amortization of right-of-use assets	308.41
Amortization of intangible assets (including lease assets)	33.04
	1,952.20

Note 33: Other expenses	For the six months period ended 30 September 2019
Consumption of stores and spare parts	1,072.95
Power and fuel	2,169.29
Jobwork charges	101.56
Rent	12.40
Rates and taxes	39.69
Repairs to :	
Buildings	29.76
Plant and machinery	156.54
Others	231.97
Legal and professional	616.70
Vehicle upkeep	324.07
Carriage outward	1,685.42
Packing and forwarding	775.40
Insurance charges	96.72
Commission	356.50
Printing and stationery	36.41
Postage and Courier	45.25
Advertisement, publicity and sales promotion	1,874.31
Travel expenses	437.63
Communication expense	87.89
Bad Debts and advances written off	5.88
Payments to the auditors	11.35
Bank charges and commission	34.83
Royalty	43.82
Donations	151.07
CSR expenditure	109.00
Loss on sale/Disposal of property, plant and equipment	0.86
Agricultural Expenses	101.39
Miscellaneous expenses	867.65
	11,476.31

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MERINO INDUSTRIES LIMITED
Notes to the Standalone Financial Statement

(Rupees in lakhs, unless otherwise stated)

Note: 34 Contingent liabilities as at 30th September, 2019

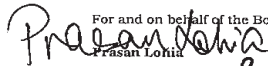

Particulars	As at 30th September, 2019
(a) Guarantees given - Non Financial Bank Guarantees	43.59
(b) Claims against the Company not acknowledged as debts : Demands for Sales Tax and Entry Tax	225.67
Demands for Excise, Custom Duty, Service tax	3,703.60
Demands for Income Tax	3,217.29
(c) Miscellaneous claims by suppliers and customers etc. against the Company	361.16
(d) Differential Bonus for 2014-15	151.52
	7,704.59

Notes:-

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

Note: 35 Capital and other commitments as at 30th September, 2019

Particulars	As at 30th September, 2019
(a) Capital Commitments Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	516.58
(b) Other Commitments The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme of the Government of India at concessional rates of duty with an undertaking to fulfill quantified export within six years.	614.25
Obligations against Advance Licences	4,339.76
Outstanding Letters of Credit for materials yet to be received	1,007.47
TOTAL	6,478.06

For and on behalf of the Board of Directors

 Prasan Lohia Whole Time Director
 Sanjay Banka Chief Financial Officer

 Vinamrata Agrawal Company Secretary

Place : Kolkata
Date : 6th January, 2020

VALUATION REPORT

CA Parag S. Ved
SSPA & Co., Chartered Accountants
1st Floor, Arjun Building, Plot No. 6A,
V.P. Road, Andheri (West),
Mumbai – 400 058
Tel: 91-22-2670 4376/77
91-22-2670 3682

STRICTLY PRIVATE & CONFIDENTIAL

August 20, 2019

The Board of Directors
Merino Industries Limited
5, Alexandra Court,
60/1, Chowringhee Road,
Kolkata,
West Bengal – 700 020

The Board of Directors
Merino Exports Private Limited
5, Alexandra Court,
60/1, Chowringhee Road,
Kolkata,
West Bengal – 700 020

The Board of Directors
Merino Services Limited
5, Alexandra Court,
60/1, Chowringhee Road,
Kolkata,
West Bengal – 700 020

The Board of Directors
Merino Panel Products Limited
5, Alexandra Court,
60/1, Chowringhee Road,
Kolkata,
West Bengal – 700 020

Re: Recommendation of Fair Share Entitlement/Exchange Ratio for the:

- (a) Proposed Demerger of 'Real Estate Business' of Merino Exports Private Limited into Merino Properties Private Limited and subsequently, proposed merger of Merino Exports Private Limited (post demerger of Real Estate Business) into Merino Industries Limited;**
- (b) Proposed Demerger of 'IT & Software Business' of Merino Services Limited into Merino Consulting Services Limited and subsequently, proposed merger of Merino Services Limited (post demerger of IT & Software Business) into Merino Industries Limited;**
- (c) Proposed Merger of Merino Panel Products Limited into Merino Industries Limited.**

Dear Sir(s)/Madam,

I refer to the engagement letter dated June 24, 2019 whereby I, Parag S. Ved, Chartered Accountants (hereinafter referred to as 'Myself' or 'Registered Valuer') have been requested by the Management of Merino Industries Limited, Merino Exports Private Limited, Merino Services Limited and Merino Panel Products Limited (hereinafter collectively referred to as 'the



Management') to recommend the fair share entitlement/ exchange ratio for the proposed demerger/ merger, in the manner stated hereinunder:

- Part A:** Fair share entitlement ratio for proposed demerger of 'Real Estate Business' (hereinafter referred to as 'Real Estate Business') of Merino Exports Private Limited (hereinafter referred to as 'MEXPL') into Merino Properties Private Limited (hereinafter referred to as 'MPL').
- Part B:** Fair share exchange ratio for proposed merger of MEXPL (post demerger of Real Estate Business of MEXPL) (hereinafter referred to as 'Remaining Undertaking of MEXPL') into Merino Industries Limited (hereinafter referred to as 'MIL').
- Part C:** Fair share entitlement ratio for proposed demerger of 'IT & Software Business' (hereinafter referred to as 'IT & Software Business') of Merino Services Limited (hereinafter referred to as 'MSL') into Merino Consulting Services Limited (hereinafter referred to as 'MCSL')
- Part D:** Fair share exchange ratio for proposed merger of MSL (post demerger of IT & Software Business of MSL) (hereinafter referred to as 'Remaining Undertaking of MSL') into MIL.
- Part E:** Fair share exchange ratio for proposed merger of Merino Panel Products Limited (hereinafter referred to as 'MPPL') into MIL (post merger of Remaining Undertaking of MEXPL & MSL).

MIL, MEXPL, MSL, and MPPL hereinafter will be collectively referred to as 'the Companies' and Remaining Undertaking of MEXPL and MSL hereinafter will be collectively referred to as 'Remaining Undertakings'.

1. SCOPE AND PURPOSE OF THIS REPORT

- 1.1 I have been informed that the Management is considering a proposal for demerger of Real Estate Business of MEXPL into MPL i.e. Part A, merger of Remaining Undertaking of MEXPL into MIL i.e. Part B, demerger of IT & Software Business of MSL into MCSL i.e. Part C, merger of Remaining Undertaking of MSL into MIL i.e. Part D and merger of MPPL into MIL i.e. Part E . The aforesaid demerger/merger will be carried out through a Composite Scheme of Arrangement and Amalgamation amongst the Companies and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of



CA. Parag S. Ved
SSPA & Co., Chartered Accountants

the Companies Act, 2013, and Sections 2(19AA) and 2(1B) and other relevant sections of the Income-tax Act, 1961 (hereinafter referred to as the 'Scheme'). Further, Part A & Part B, Part C & Part D and Part E as mentioned above are read and given effect jointly, simultaneously, severally and in the sequence and manner specified in the Scheme (i.e. Part II, Part III and Part IV of the Scheme).

- 1.2 We have been informed by the Management that the proposed appointed date for the Scheme is April 01, 2019. In consideration for Demerger of Real Estate Business of MEXPL into MPL i.e. Part A and Demerger of IT & Software Business of MSL into MCSL i.e. Part C, equity shares of MPL and MCSL would be issued to the equity shareholders of MEXPL and MSL respectively. Further, all the existing shares of MPL and MCSL shall be cancelled as an integral part of Scheme. The consideration for proposed merger of Remaining Undertaking of MEXPL, Remaining Undertaking of MSL and MPPL into MIL i.e. Part B, Part D and Part E respectively will be discharged by the way of issue of equity shares of MIL
- 1.3 In this regard, I have been appointed to carry out the relative valuation of Remaining Undertaking of MEXPL and Remaining Undertaking of MSL, MPPL and MIL to recommend the fair share exchange ratio. Further, I have also been requested to recommend the fair share entitlement ratio for proposed demerger of Real Estate Division of MEXPL into MPL and demerger of IT & Software Division of MSL into MCSL. The recommendation of fair share exchange ratio and fair share entitlement ratio is for the consideration of the Board of Directors of the Companies.
- 1.4 For the purpose of the aforementioned valuation exercise, the bases of value is 'relative value' and the valuation is based on 'going concern' premise. For this purpose, August 16, 2019 has been considered as the 'Valuation Date'.
- 1.5 The report sets out our recommendation of the fair share entitlement/exchange ratio and discusses the methodologies and approach considered in the computation of respective ratio.

2. BRIEF BACKGROUND OF COMPANIES

2.1 MERINO INDUSTRIES LIMITED

- 2.1.1 MIL, incorporated on July 29, 1965 operates mainly in four business segments viz., Decorative Laminates, Panel Products, Furniture and Restroom Cubicles and Potato Flakes & Agro. Laminates division continues to dominate the operations of MIL.



CA. Parag S. Ved
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2.1.2 We have been given to understand that the manufacturing facilities of MIL are located at Dahej - Gujarat, Hapur - Uttar Pradesh and Hosur - Tamil Nadu.

2.1.3 Further, MIL holds ~ 9.5% equity stake in MEXPL, ~3.82% equity stake in MSL and ~ 74.65% equity stake in MPPL. The equity shares of MIL are not listed on any stock exchanges.

2.1.4 The shareholding pattern of MIL as on date is as under:

Name of the shareholder	No. of Shares	% of holding
Promoters	64,41,955	62.12%
Merino Exports Private Limited	30,65,700	29.56%
Merino Services Limited	3,20,000	3.09%
Public	5,41,945	5.23%
Total	1,03,69,600	100.00%

2.2 MERINO PANEL PRODUCTS LIMITED

2.2.1 MPPL, incorporated on August 08, 1994, is engaged in manufacturing of decorative laminates under the brand name 'MERINO'.

2.2.2 We have been given to understand that the manufacturing facilities of MPPL are located at Rohad, Haryana.

2.2.3 The equity shares of MPPL are not listed on any stock exchanges.

2.2.4 The shareholding pattern of MPPL as on date is as under:

Name of the shareholder	No of Shares	% of holding
Promoters	17,000	0.85%
Merino Industries Limited	14,93,000	74.65%
Merino Exports Private Limited	4,90,000	24.50%
Total	20,00,000	100.00%

2.3 MERINO EXPORTS PRIVATE LIMITED

2.3.1 MEXPL, incorporated on April 29, 1988, is a registered non-banking financial company and has its registered office situated at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata, West Bengal – 700 020.

2.3.2 MEXPL is engaged in the business of real estate with owned properties. Further, it also holds agricultural land at Garh Hapur and Rampur and land banks at Achejja Hapur and Rohad. Also, MEXPL holds ~ 29.5% equity stake in MIL, ~24.5% equity stake in MPPL and ~ 9% equity stake in MSL.

2.3.3 REAL ESTATE BUSINESS OF MEXPL

We have been informed that Real Estate Business of MEXPL deals in real estate with owned properties.



2.3.4 The shareholding pattern of MEXPL as on date is as under:

Name of the shareholder	No of shares	% of holding
Promoters	57,142	90.50%
MIL	6,000	9.50%
Total	63,142	100.00%

2.4 MERINO SERVICES LIMITED

2.4.1 MSL, incorporated on March 26, 1993, has its registered office situated at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata, West Bengal – 700 020.

2.4.2 MSL through its Wholly owned subsidiaries namely Merino Consulting Services Inc., Merino Consulting BV, Merino Consulting Services (Canada) Inc., Merino Consulting Services SDN BHD, Merino Consulting Services Limited, Israel is engaged in the business of providing IT and Software solutions. MSL along with its subsidiaries are channel partner of Infor and is into alliances with SAP, IFS, IBM, and ORACLE.

2.4.3 Further, MSL holds ~ 3.09% equity stake in MIL. The shares of MSL are not listed on any stock exchange.

2.4.4 IT & SOFTWARE BUSINESS OF MSL

We have been informed that IT & Software Business of MSL is engaged in the business of providing IT and IT enabled services.

Further, the IT & Software Division also includes wholly owned subsidiaries of MSL as mentioned in Para 2.4.2 above.

2.4.5 The shareholding pattern of MSL as on date is as under:

Name of the shareholder	No of shares	% of holding
Promoters	1,36,948	87.20%
MEXPL	14,100	8.98%
MIL	6,000	3.82%
Total	1,57,048	100.00%

2.5 MERINO PROPERTIES PRIVATE LIMITED

MPL, incorporated on January 17, 2019, has its registered office situated at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata, West Bengal – 700 020. MPL has been incorporated for undertaking the business of real estate and trading on plywood, laminates, panel products, cement, tiles, aluminium and other materials and products relating to real estate. Currently, MPL does not undertake any business activity.

2.6 MERINO CONSULTING SERVICES LIMITED

MCSL, incorporated on February 20, 2019 has its registered office situated at 5, Alexandra



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Court, 60/1, Chowringhee Road, Kolkata, West Bengal – 700 020. MCSL has been incorporated for undertaking the business of development and rendering of IT software and IT enabled services. Currently, MCSL does not undertake any business activity.

3. REGISTERED VALUER - MR. PARAG S. VED

I am a fellow member of The Institute of Chartered Accountants of India ('ICAI') practising as a partner with SSPA & Co., Chartered Accountants. I am also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities or Financial Assets' with Registration No. IBBI/RV/06/2018/10092.

4. SOURCES OF INFORMATION

The valuation exercise is based on the following information which has been received from the Management and any information available in the public domain:

- (a) Audited financial statements of the Companies for financial year (FY) 2017-18 and FY 2018-19.
- (b) Audited financial statement of Assets and Liabilities of Real Estate Business of MEXPL and IT & Software Business of MSL as at March 31, 2019.
- (c) Audited Balance Sheet of Remaining Undertakings as at March 31, 2019.
- (d) Financial Projections of MIL, MPPL and MSL comprising of balance sheet and profitability statement for FY 2019-20 to FY 2023-24.
- (e) Draft Composite Scheme of Arrangement.
- (f) Other relevant details regarding the Companies and Remaining Undertakings such as their history, shareholding pattern, capacity utilization, fair value of land and building, past and present activities and other relevant information and data, including information in the public domain.
- (g) Such other information and explanations as I have required, and which have been provided by the Management of the Companies, including Management Representations.

5. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

- 5.1 This report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents



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referred to herein and in the context of the purpose for which it is made. Further my report on recommendation of fair equity share exchange ratio/fair share entitlement ratio of the proposed transaction is in accordance with ICAI Valuation Standards 2018.

- 5.2 This report has been prepared for the Board of Directors of the Companies solely for the purpose of recommending a fair share entitlement ratio for the proposed demerger of Real Estate Business of MEXPL into MPL and IT & Software Business of MSL into MCSL, fair share exchange ratios for the proposed merger of Remaining Undertaking of MEXPL (post demerger of Real Estate Business), Remaining Undertaking of MSL (post demerger of IT & Software Business) and MPPL with MIL (post merger of Remaining Undertakings).
- 5.3 Valuation is not a precise science and the conclusions arrived at will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While I have provided an assessment of value by applying certain formulae which are based on the information available, others may place a different value.
- 5.4 I have been represented by the Management that the Companies and Remaining Undertakings have clear and valid title of assets. No investigation on the Companies and Remaining Undertakings claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid.
- 5.5 For the purpose of this exercise, I was provided with both written and verbal information including information detailed hereinabove in para 'Sources of Information'. Further, the responsibility for the accuracy and completeness of the information provided to me by the Companies / auditors / consultants is that of the Management of the respective Companies. Also, with respect to explanations and information sought from the Management of respective Companies, I have been given to understand by the Management of respective Companies that they have not omitted any relevant and material factors about the Companies and Remaining Undertakings. The Management of the Companies have indicated to me that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis / conclusions. My work does not constitute an audit, due diligence or certification of these information referred to in this report. Accordingly, I am unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report and consequential impact on the present exercise. However, nothing has come to my



CA. Parag S. Ved
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attention to indicate that the information provided / obtained was materially misstated / incorrect or would not afford reasonable grounds upon which to base the report.

- 5.6 Valuation analysis and results are specific to the purpose of valuation and the Valuation Date mentioned in the report and is as per agreed terms of our engagement.
- 5.7 My recommendation is based on the estimates of future financial performance as projected by the Management of the Companies, which represents their view of reasonable expectation at the point of time when they were prepared, after giving due considerations to commercial and financial aspects of the respective Companies and the industry in which the respective Companies operate. But such information and estimates are not offered as assurances that the particular level of income or profit will be achieved or events will occur as predicted. Actual results achieved during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be material. The fact that I have considered the projections in this exercise of valuation should not be construed or taken as our being associated with or a party to such projections.
- 5.8 A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the Management of the respective Companies has drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and Remaining Undertakings and any other matter, which may have an impact on our opinion, on the fair value of the shares of the Companies including any significant changes that have taken place or are likely to take place in the financial position of the Companies. Events and transactions occurring after the date of this report may affect the report and assumptions used in preparing it and I do not assume any obligation to update, revise or reaffirm this report.
- 5.9 The fee for the engagement and this report is not contingent upon the results reported.
- 5.10 This report is prepared only in connection with the proposed transaction as explained in Para 1. It is exclusively for the use of the Companies and for submission to any regulatory/statutory authority as may be required under any law.
- 5.11 My report is not, nor should it be construed as me opining or certifying the compliance of the proposed transaction with the provisions of any law including companies, taxation



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and capital market related laws or as regards any legal implications or issues arising from such proposed demergers and amalgamation.

- 5.12 Any person/party intending to provide finance/invest in the shares/convertible instruments/ business of the Companies and Remaining Undertakings shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.
- 5.13 The decision to carry out the transaction (including consideration thereof) lies entirely with the Management / Board of Directors of the Companies and my work and finding shall not constitute a recommendation as to whether or not the Management / Board of Directors of the Companies should carry out the transaction.
- 5.14 My Report is meant for the purpose mentioned in Para 1 only and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. In no event, regardless of whether consent has been provided, I shall assume any responsibility to any third party to whom the report is disclosed or otherwise made available.
- 5.15 I, nor my partners and employees of SSPA & Co., Chartered Accountants make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.

6. PROPOSED DEMERGER OF REAL ESTATE BUSINESS OF MEXPL INTO MPL (PART A)

6.1 RECOMMENDED EQUITY SHARE ENTITLEMENT RATIO

- 6.1.1 As per the Scheme, the Real Estate Business of MEXPL will be transferred to MPL and in consideration, equity shares of MPL would be issued to the equity shareholders of MEXPL and all the existing shares of MPL held by existing shareholders shall be cancelled as an integral part of the Scheme.
- 6.1.2 The Management of MEXPL and MPL proposes to issue equity shares in the ratio of 1 (One) equity shares of INR 10 each fully paid up of MPL for every 1 (One) equity share of MEXPL of INR 10 each fully paid up.



6.2 RECOMMENDATION OF SHARE ENTITLEMENT RATIO

Based on the above, a ratio of 1 (One) equity shares of INR 10 each fully paid up of MPL for every 1 (One) equity share of INR 10 each fully paid up of MEXPL in consideration for the demerger of Real Estate Business of MEXPL would be fair and reasonable, considering that all the shareholders of MEXPL are and will, upon demerger, be the ultimate beneficial owners of MPL in the same ratio (inter se) as they hold shares in MEXPL.

7. PROPOSED DEMERGER OF IT & SOFTWARE BUSINESS OF MSL INTO MCSL (PART C)

7.1 RECOMMENDED EQUITY SHARE ENTITLEMENT RATIO

7.1.1 As per the Scheme, the IT & Software Business of MSL will be transferred to MCSL and in consideration, equity shares of MCSL would be issued to the equity shareholders of MSL and all the existing shares of MCSL held by existing shareholders shall be cancelled as an integral part of the Scheme.

7.1.2 The Management of MSL and MCSL proposes to issue equity shares in the ratio of 1 (One) equity shares of INR 10 each fully paid up of MCSL for every 1 (One) equity share of MSL of INR 10 each fully paid up.

7.2 RECOMMENDATION OF SHARE ENTITLEMENT RATIO

Based on the above, a ratio of 1 (One) equity shares of INR 10 each fully paid up of MCSL for every 1 (One) equity share of INR 10 each fully paid up of MSL in consideration for the demerger of IT & Software Business of MSL would be fair and reasonable, considering that all the shareholders of MSL are and will, upon demerger, be the ultimate beneficial owners of MCSL in the same ratio (inter se) as they hold shares in MSL.

8. VALUATION APPROACH AND METHODOLOGIES

8.1 For the purpose of valuation, generally following approaches can be considered, viz,

- (a) the 'Underlying Asset' approach;
- (b) the 'Income' approach and
- (c) the 'Market' approach

8.2 Remaining Undertaking of MEXPL (Post Demerger of Real Estate Business) will hold certain net assets, land bank and investments in MIL, MPPL and MSL ('Operating Investments') and other quoted/unquoted investment. Therefore, for the purpose of the present valuation we have thought fit to use 'underlying asset' approach for valuation of



CA. Parag S. Ved
SSPA & Co., Chartered Accountants

Remaining Undertaking of MEXPL (i.e. Part B) wherein the land bank have been considered at fair values as provided by the Management and the Operating Investments has been valued using 'Income approach'.

8.3 Remaining Undertaking of MSL (Post Demerger of IT & Software Business) will hold certain net assets and investment in MIL and other quoted/unquoted companies. Therefore, for the purpose of the present valuation we have thought fit to use 'underlying asset' approach for valuation of Remaining Undertaking of MSL (i.e. Part D) wherein the investment in MIL has been valued using 'Income approach'.

8.4 As explained earlier, MIL and MPPL are engaged in the business of manufacturing and export of Laminates. Considering this, we have thought fit to ignore the 'underlying asset' approach as it does not reflect the intrinsic value of operating business. Further, Market Approach is not applicable since equity shares of MIL, and MPPL are not listed. Therefore, for the purpose of fair share exchange ratio we have thought fit to use 'income approach' for valuation of MIL (i.e. Part B, Part D and Part E) and MPPL (i.e. Part E). Further, as explained in Para 2.1 above, MIL holds investments in MEXPL and MPPL which has been valued using 'underlying asset' approach and 'income approach' respectively.

8.5 UNDERLYING ASSET APPROACH

8.5.1 Under the 'Underlying Asset' approach, equity shares of MEXPL, Remaining Undertaking of MEXPL and Remaining Undertaking of MSL have been valued using "Net Asset Value" (NAV) method.

8.5.2 Under NAV, the value is determined by dividing the adjusted net assets value of a company by the outstanding number of equity shares.

8.5.3 In arriving at the Adjusted Net Assets Value, we have made appropriate adjustments for contingent liabilities, appreciation in value of investments, appreciation in value of land, appreciation in value of building and interest receivable from MSL on a net of tax basis to arrive at the net asset value.

8.5.4 The value as arrived above is divided by the outstanding number of equity shares as on the Valuation Date to arrive at the value per share of MEXPL, Remaining Undertaking of MEXPL and Remaining Undertaking of MSL.



8.6 INCOME APPROACH

- 8.6.1 Under the 'Income' approach, equity shares of MIL, MPPL and MSL have been valued using 'Discounted Cash Flow' (DCF) method.
- 8.6.2 Under the DCF method the projected free cash flows from business operations after considering fund requirements for projected capital expenditure and incremental working capital are discounted at the Weighted Average Cost of Capital (WACC). The sum of the discounted value of such free cash flows and discounted value of perpetuity is the value of the business.
- 8.6.3 WACC is considered as the most appropriate discount rate in the DCF Method, since it reflects both the business and the financial risk of the Company. In other words, WACC is the weighted average of the company's cost of equity and debt. Considering an appropriate mix between debt and equity for the MIL, MSL and MPPL we have arrived at the WACC to be used for discounting the Free Cash Flows of MIL, MSL and MPPL.
- 8.6.4 To the value so arrived, appropriate adjustments have been made for loan funds, contingent liabilities, value of investments, advance for investment, cash and cash equivalents, surplus assets and value of vacant land, after considering the tax impact wherever applicable, to arrive at the equity value.
- 8.6.5 The value as arrived above is divided by the outstanding number of equity shares as on the Valuation Date to arrive at the value per share of MIL, MPPL and MSL.

9. RECOMMENDATION OF FAIR SHARE EXCHANGE RATIOS

- 9.1 The fair basis of valuation of Remaining Undertaking of MEXPL, Remaining Undertaking of MSL, MIL and MPPL would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Our exercise is to work out relative value of shares of the respective Companies/Remaining Undertakings to facilitate the determination of fair share exchange ratio.
- 9.2 As mentioned earlier, we have considered the 'Underlying Asset' approach for arriving at the value per share of Remaining Undertaking of MEXPL and Remaining Undertaking of MSL and 'Income Approach' for arriving at the value per share of MIL and MPPL.
- 9.3 The share exchange ratio has been arrived on the basis of a relative valuation of the shares of the MIL, MPPL, Remaining Undertaking of MEXPL and Remaining Undertaking of MSL based on the approaches explained herein earlier and various qualitative factors



relevant to each company(ies) and the business dynamics and growth potential of the businesses of the companies, having regard to information base, management representations and perceptions, key underlying assumptions and limitations.

- 9.4 In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments, etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:

'If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible.'

- 9.5 In light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove earlier in this report, in my opinion:

- The fair equity share exchange ratio for the proposed merger of Remaining Undertaking of MEXPL (post demerger of Real Estate Business) with MIL is as under:

678 (Six Hundred Seventy Eight) equity shares of INR 10 each fully paid up of MIL for every 10 (Ten) equity shares of MEXPL of INR 10 each fully paid up

- The fair share exchange ratio for the proposed merger of Remaining Undertaking of MSL (post demerger of IT & Software Business) with MIL is as under:

21 (Twenty One) equity shares of INR 10 each fully paid up of MIL for every 10 (Ten) equity shares of MSL of INR 10 each fully paid up



CA. Parag S. Ved
SSPA & Co., Chartered Accountants

- The fair share exchange ratio for the proposed merger of MPPL with MIL is as under:
52 (Fifty Two) equity shares MIL of INR 10 each fully paid up for every 25 (Twenty Five) equity shares of MPPL of INR 10 each fully paid up.

Thank you,
Yours faithfully,

Parag S. Ved



Mr. Parag S. Ved
Registered Valuer No.: IBBI/RV/06/2018/10092
ICAI Membership Number: 102432

Date: August 20, 2019
Place: Kolkata

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL

KOLKATA BENCH

CA (CAA) No.1378/KB/2019

In the matter of:

The Companies Act, 2013

And

In the matter of Sections 230 to 232 of the Companies Act, 2013

And

In the Matter of:

Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

And

In the Matter of:

Merino Exports Private Limited & Ors. Applicants.

FORM OF PROXY

I/We, _____, the undersigned Unsecured Creditor/s of Merino Industries Limited, being the Applicant Company no.6 abovenamed do hereby appoint Mr./Ms. _____ of _____ and failing him/her _____ of _____ as my/our proxy, to act for me/us at the meeting of the Unsecured Creditors of Merino Industries Limited to be held at The Conference Hall, Academy of Fine Arts, 2, Cathedral Road, Kolkata 700 071 on Thursday, the 20th day of February, 2020 at 3:30 P.M. for the purpose of considering and, if thought fit, approving, with or without modification(s), the arrangement embodied in the composite Scheme of Arrangement between Merino Exports Private Limited, Merino Properties Private Limited, Merino Services Limited, Merino Consulting Services Limited, Merino Panel Products Limited and Merino Industries Limited and their respective shareholders and creditors and at such meeting, and at any adjournment or adjournments thereof, to vote, for me/us and in my/our name(s) _____ (here, if 'for', insert '**FOR**', if 'against', insert '**AGAINST**', and in the latter case, strike out the words below after 'the Scheme') the said arrangement embodied in the Scheme, either with or without modification(s)*, as my/our proxy may approve.

(*Strike out whatever is not applicable)

Dated this ____ day of _____ 2020.

Signature-----

Affix
revenue
stamp

Name: _____

Address: _____

Amount Due : _____

Signature of Unsecured Creditors: _____

Signature of Proxy: _____

Notes:

1. The proxy must be deposited at the registered office of Merino Industries Limited at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata 700 020, India, at least 48 (forty-eight) hours before the scheduled time of the commencement of the said meeting.
2. All alterations made in the form of proxy should be initialled.
3. Please affix appropriate revenue stamp before putting signature.
4. In case of multiple proxies, the proxy later in time shall be accepted.
5. Proxy need not be an Unsecured Creditor of Merino Industries Limited.
6. No person shall be appointed as a proxy who is a minor.
7. The proxy of an Unsecured Creditor blind or incapable of writing would be accepted if such shareholder has attached his signature or mark thereto in the presence of a witness who shall add to his signature his description and address: provided that all insertions in the proxy are in the handwriting of the witness and such witness shall have certified at the foot of the proxy that all such insertions have been made by him at the request and in the presence of the unsecured creditor before he attached his signature or mark.
8. The proxy of an Unsecured Creditor who does not know English would be accepted if it is executed in the manner prescribed in no. 7 above and the witness certifies that it was explained to the Unsecured Creditor in the language known to him and gives the creditor's name in English below the signature.

MERINO INDUSTRIES LIMITED

Registered office:

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

Phone No. +91 33 2290 1214

CIN: U51909WB1965PLC026556

UNSECURED CREDITORS

ATTENDANCE SLIP

**PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE
OF THE MEETING HALL**

**MEETING OF THE UNSECURED CREDITORS
ON THURSDAY THE 20TH DAY OF FEBRUARY 2020 AT 3.30 P.M.**

I/We hereby record my/our presence at the meeting of the Unsecured Creditors of Merino Industries Limited, the Applicant Company no.6, convened pursuant to the order dated 6th December 2019 of the National Company Law Tribunal, Kolkata Bench at The Conference Hall, Academy of Fine Arts, 2, Cathedral Road, Kolkata 700 071 on Thursday the 20th day of February, 2020 at 3:30 p.m.

Name and address of Unsecured Creditor
(IN BLOCK LETTERS)

: _____

Signature

: _____

Amount Due

: _____

Name of the Proxy*

(IN BLOCK LETTERS)

: _____

Signature of the Proxy

: _____

*(To be filled in by the Proxy in case he/she attends instead of the Unsecured Creditor)

Notes:

1. Unsecured Creditors attending the meeting in person or by proxy or through authorised representative are requested to complete and bring the Attendance Slip with them and hand it over at the entrance of the meeting hall along with copy of their identification card.
2. Unsecured Creditors who come to attend the meeting are requested to bring their copy of the Scheme with them.

