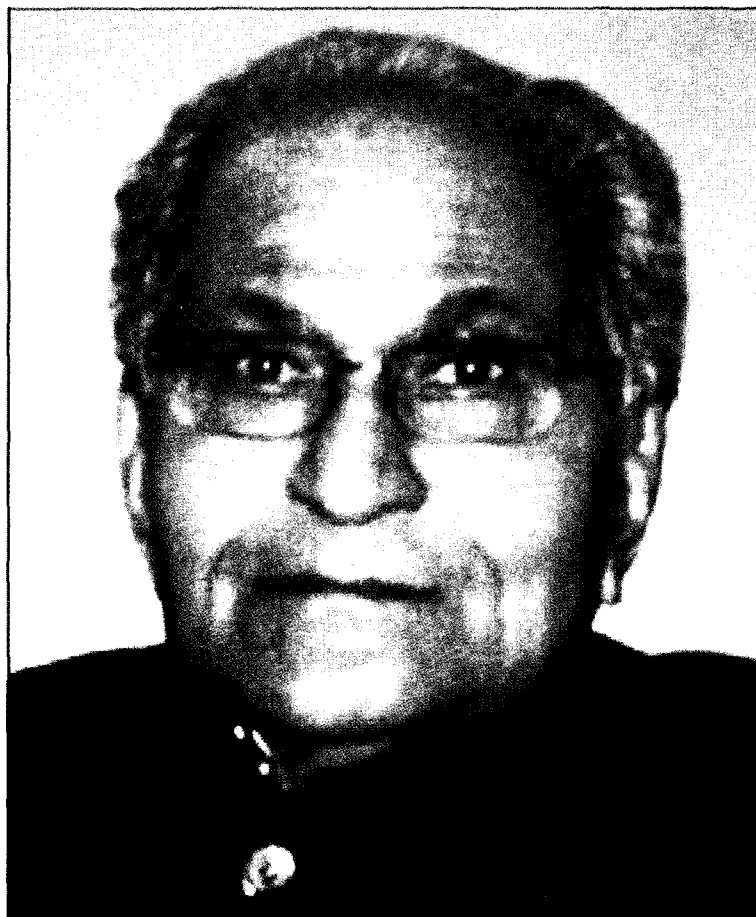




**THE
DREAM
RUN
CONTINUES**





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

Board of Directors	:	<p>Shri Champa Lal Lohia</p> <p>Shri Rup Chand Lohia</p> <p>Shri Prakash Lohia</p> <p>Miss Ruchira Lohia</p> <p>Shri Prasan Lohia</p> <p>Shri Bikash Lohia</p> <p>Shri Madhusudan Lohia</p> <p>Shri Nripen Kumar Dugar</p> <p>Dr. Gautam Bhattacharjee</p> <p>Shri Amar Nath Roy</p> <p>Shri Sudatta Mandal</p>	-	<p>Executive Chairman</p> <p>Executive Vice-Chairman</p> <p>Managing Director</p> <p>Whole-time Director</p> <p>Whole-time Director</p> <p>Whole-time Director</p> <p>Whole-time Director</p> <p>Whole-time Director</p> <p>Nominee Director (Export-Import Bank of India) Upto 10-01-2014</p>
Chief Financial Officer	:	Shri Asok Kumar Parui	-	Appointed w.e.f. 01-05-2014
Company Secretary	:	Shri Sumantra Sinha	-	Appointed w.e.f. 01-05-2014
Registered Office	:	<p>5, Alexandra Court,</p> <p>60/1, Chowringhee Road,</p> <p>Kolkata-700 020</p> <p>Phone : 2290-1214</p> <p>Fax : 91-33-2287-0314</p> <p>E-mail : merinokol@merinoindia.com</p> <p>Website : www.merinoindia.com</p> <p>CIN : U51909WB1965PLC026556</p>		
Plants	:	<p>Delhi-Hapur Road,</p> <p>Vill. Achheja,</p> <p>P.O. Hapur-245 101</p> <p>Dist. Hapur (U.P.)</p> <p>Bagalur Road,</p> <p>Vill. Kalahasthipuram,</p> <p>Hosur - 635 103,</p> <p>Dist. Krishnagiri</p> <p>Tamil Nadu</p>		
Branches	:	<p>Ahmedabad, Bangalore, Bhubaneswar, Chandigarh,</p> <p>Chennai, Coimbatore, Delhi, Ernakulam, Hyderabad,</p> <p>Jaipur, Mumbai, Nagpur, Pune, Rohad and Tinsukia</p>		
Auditors	:	<p>Singhi & Co.</p> <p>Chartered Accountants</p>		
Bankers	:	<p>AXIS Bank Limited</p> <p>Export-Import Bank of India</p> <p>Standard Chartered Bank</p> <p>ING Vysya Bank Limited</p> <p>IDBI Bank Limited</p> <p>Punjab National Bank</p> <p>The Hongkong and Shanghai Banking Corporation Limited</p> <p>DBS Bank Limited</p> <p>CITI Bank N.A.</p>		
Registrars & Share Transfer Agents	:	<p>C.B Management Services (P) Ltd.,</p> <p>P-22, Bondel Road, Kolkata-700 019</p> <p>Phone Nos.: (033) 4011 6700, 2280 6692 – 94</p> <p>Fax: (033) 2287 0263;</p> <p>Email: rta@cbmsl.com</p>		

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Executive Chairman's Message



My dear fellow Shareowners,



It gives me great pleasure to place before you the highlights of another growth filled, successful year. Despite an increasingly challenging economic environment, we continued to deliver. Building further on our good performance in the last Financial Year, we strengthened our position as a leader in the sector.

The Financial year ended March 2014 was a mixture of optimism and renewed consolidation. The Company, after an initial period of relatively slow growth, demonstrated its resilience and closed the year with an approximate growth of 14% in exports and 20% in the domestic sector, respectively. For us, this year was about demonstrating change, building for the future, launching key initiatives and creating a broad based organizational structure.

The Indian economy continued recording a sub 5% growth for the second consecutive year during the financial year 2014 with near stagnation levels in the industrial sector. Weak and uneven pace of global recovery, lopsided revival of domestic investment and moderate demand trends were some of the deterrents which the industry had to combat during the year. The markets, as a result, went through turbulent times and posed a challenge to us to sustain our scale of augmentation as well as, to maintain the profitability levels. But, we accepted the challenges and are confident to maintain our position in the sector.

A pointed focus on consumers and a strong pipeline of innovations have helped us to strengthen and diversify our portfolio and brands. During the year, we offered the markets a new product category called wall claddings - internal and external, eliciting an encouraging and favourable response. This kind of product innovations and offerings will continue to be our forte in the coming times, with plans of many more such like adding on to our ranges.

When we refer to corporate social responsibility at Merino, we are describing both a mindset that instills socially responsible thinking into every aspect of our business and a strategy to use our skills to create positive change for under privileged communities. We continue to provide free medical facilities to the poor and needy patients, empowering education by giving greater opportunities to deserving students while publishing books for student welfare. We are proud of our initiative Annapoorna which is our participation in the 'Swami Vivekananda Mid-day Meal' Programme.

I always believe that our biggest assets are our employees and would like to thank them, for their commitment and efforts which made the year successful.

Let me conclude with a hope that through the years to come, your Company continues to have strong financials and gearing levels well within reasonable limits. Our global presence and the experience of exporting to numerous countries, provide us with the strength to move ahead steadily amidst all hurdles in the business environment and to sustain our leadership position. Finally, our inherent strength of running low cost, highly efficient and vastly productive operations through our embedded culture of continuous improvement and innovation should see us through good times as well as difficult ones.

With Best Wishes

New Delhi
14th May, 2014

Champa Lal Lohia
Executive Chairman

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

The Directors have pleasure in presenting their Forty-ninth Annual Report together with the Audited Accounts of your Company for the year ended 31st March 2014.

FINANCIAL RESULTS

(Rs. Lac)

	For the year ended 31.03.2014	For the year ended 31.03.2013
Net Sales & Other Income	56394.19	47660.14
Total Expenditure	52868.62	44835.22
Profit before Tax	3525.57	2824.92
Less: Provision for Current Taxation	1234.61	715.00
Less: Provision for Deferred Taxation	96.02	113.80
Profit after Taxes	2194.94	1996.12
Add: Balance brought forward from the previous year	7081.58	5440.61
Balance	9276.52	7436.73
Which the Directors have appropriated as under:		
Interim Dividend	155.54	155.54
Dividend distribution tax on interim dividend	10.58	–
General Reserve	219.49	199.61
TOTAL	385.61	355.15
Leaving a balance to be carried forward	8890.91	7081.58

The year under review witnessed mixed situations globally and in the domestic sectors. While internationally, the US markets demonstrated strengthening, most of Europe presented muted growth. In the Indian scenario, a below 5 % GDP growth was seen for the second year in succession. Consumption patterns remained sluggish in a year which saw repeated currency depreciation. The premium consumer goods segments were constantly under pressure in the midst of rising input costs and intense competition.

In such a backdrop, your Company posted a satisfactory increase in net revenue from operations by Rs. 8712.54 Lac as compared to that of the previous year. There was a growth in profits during the year, the profit before tax indicating an increase by Rs. 700.65 Lac as compared to previous year's figures, which merits appreciation. The management continued to focus on value added items, generally increasing the average sale price of goods produced, based on current market dynamics. The Company's net profit after taxes stood at Rs. 2194.94 Lac as against Rs. 1996.12 Lac last year. The Directors expect your Company shall continue to register further improved results in the coming years.

DIVIDEND

For the year under review, your Company declared and paid Interim Dividend at the rate of Rs. 1.50 per share duly approved at the Board meeting held on 11.11.2013. In view of the same and to conserve the liquidity, your Directors have not

recommended any final dividend for the year.

EXPORT PERFORMANCE

Your Directors put on record that during the year under review, the F.O.B. value of exports of your Company was Rs. 12263.83 Lac as against Rs. 10701.74 Lac last year registering a growth of around 14.6%.

SEGMENTWISE BUSINESS PERFORMANCE

Your Company continued to operate primarily in three segments namely Laminates, Potato Flakes and Panel Products, while being committed towards high levels of sustained quality control and management. During the year under review, a strong upward trend in revenue was recorded, coupled with betterment in profit margins. The focus segment continued to be Laminates, where several innovations took place. New products were developed and introduced in the market which received an encouraging response. These unique categories of laminates with special features were created for superior performance and their versatility found acceptance among end users. Others like wall claddings, with contemporary designs, were targeted towards a diverse section of customers and added freshness to the product line. The restroom cubicles and locker systems continue to find place amongst the prominent construction projects. Over the years, VEGIT - potato flakes has become popular in the domestic and international markets, along with its ready mixes of snacks, catered to suit every palate.

CAPITAL EXPENDITURE

During the current year, Rs. 1819.24 Lac (Previous year Rs. 3177.60 Lac) has been spent mainly towards acquisition of miscellaneous fixed assets both tangible and intangible. In addition, a sum of Rs. 94.70 Lac (Previous year Rs. 536.60 Lac) stood as capital expenditure project as at the end of the current year under review.

SUBSIDIARY COMPANY

The Company has one subsidiary, Merino Panel Products Limited and during the year under review, its revenue from operations increased by Rs. 4244.12 Lac as compared to that of the previous year and the Profit before tax for the year increased to Rs. 3079.39 Lac as against Rs. 2338.37 Lac in the previous year. During the year, the F.O.B. value of its exports amounted to Rs. 9412.14 Lac.

As required by section 212 of the Companies Act, 1956, the Audited Accounts, etc. of subsidiary Company are attached with this report. The Company's share holding in the subsidiary's equity continues to be 14,93,000 equity shares out of its total paid-up equity share capital consisting of 20,00,000 shares.

DIRECTORS

Export-Import Bank of India had withdrawn the nomination of Shri Sudatta Mandal (DIN 00942070) with effect from 10.01.2014 and he ceased to be a Director of the Company from that date. The Board places on record appreciation for the contribution made by him during his tenure as a Nominee Director of the Company.

With your approval at the Extra-Ordinary General Meeting held on 31.10.2013, Shri Prasan Lohia (DIN 00061111) was re-appointed as Whole-time Director for a further period of three years, effective 01.10.2013, Shri Prakash Lohia (DIN 00063274) was re-appointed as Managing Director for a further period of three years with effect from 01.03.2014 and Miss Ruchira Lohia (DIN 00127797) was re-appointed as Whole-time Director for a further period of three years, effective 01.04.2014.

In accordance with Section 149 of the Companies Act, 2013 and Rules framed thereunder, the Company would need to appoint two Independent Directors falling within the applicable criteria. Shri Amar Nath Roy (DIN 00109280) and Dr. Gautam Bhattacharjee (DIN 00109269) both being Non-executive Directors of the Company, retire by rotation at this Annual General Meeting. The Company has received declarations from them that they meet the criteria of independence as prescribed under the Act and are eligible to offer themselves for appointment as Independent Directors.

Shri Bikash Lohia (DIN 00154013) retires by rotation and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm having:

- a) followed all the applicable accounting standards issued by the Institute of Chartered Accountants of India in the preparation of the Annual Accounts as required under Section 211(3C) of the Companies Act, 1956;
- b) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- d) prepared the Annual Accounts on a going concern basis.

STATUTORY AUDITORS

Messrs. Singhi & Co., Chartered Accountants (FRN 302049E), Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and have expressed their willingness to offer themselves for re-appointment. The Company has received a letter from them to the effect that their appointment as Auditors, if made, would be within the permissible limits under Section 224(1B) of the Companies Act, 1956.

AUDITORS' REPORT

The observations made in the Auditors' Report are self-explanatory and do not call for further comments.

COST AUDIT

Your Company appointed Messrs. Bhagat & Associates, Cost Accountants, Kolkata as Cost Auditors with the approval of Central Government for audit of Cost Records relating to the applicable products of your Company at Hapur and Hosur factories in compliance with Orders / Circulars of the Ministry of Corporate Affairs for the financial year ended 31.03.2014. The Cost Audit Report for the financial year ended 31.03.2013 has been filed on 28.09.2013 with the Ministry of Corporate Affairs, Cost Audit Branch, Government of India, New Delhi. Their report for the year ended on 31.03.2014 is awaited.

COMMITTEES OF THE BOARD

A. Corporate Social Responsibility (CSR) Committee

In order to ensure due compliance with the requirements of the Companies Act, 2013, a CSR Committee of the Board was formed on 06.02.2014 and the following Terms of Reference were adopted:

- To ensure compliance with all aspects of the CSR Notifications including the Act and Rules framed thereunder from time to time;
- Identification of the agency(ies) through which the CSR activities or part thereof will be channelized;
- Formulate and recommend to the Board a CSR Policy indicating activities to be undertaken by the Company as specified under the Act;
- Ascertain and Recommend the amount of expenditure to be incurred in this respect during a given period;
- Monitor the CSR Policy of the Company from time to time;
- Report all such activities to the Board as may be required to be done to ensure compliance as per applicable laws for the time being in force.

The Committee presently comprises the following members:

Name	Designation	Category
Shri Champalal Lohia (Chairman of the Committee)	Executive Chairman	Promoter – Executive
Shri Prakash Lohia	Managing Director	Promoter – Executive
Shri Prasan Lohia	Whole-time Director	Promoter – Executive
Shri Amar Nath Roy	Director	Independent* – Non Executive

The Company Secretary acts as the Secretary to the Committee.

B. Audit Committee

Your Company has an Audit Committee at the Board level with terms of reference specified by the Board and with the powers and the role that are in accordance with Section 177 of the Companies Act, 2013 read with Rule 6(ii) of the Companies (Meetings of Board and its Powers) Rules 2014.

The Committee was reconstituted and presently comprises the following members:

Name	Designation	Category
Shri Amar Nath Roy (Chairman of the Committee)	Director	Independent* – Non Executive
Dr. Gautam Bhattacharjee	Director	Independent* – Non Executive
Shri Prasan Lohia	Whole-time Director	Promoter – Executive

The Company Secretary acts as the Secretary to the Committee.

The terms of reference of the Committee, inter alia, included establishing and overseeing a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed.

C. Nomination and Remuneration Committee

The existing Remuneration Committee of the Board has been renamed as Nomination and Remuneration Committee pursuant to section 178 of the Companies Act, 2013 read with Rule 6(ii) of the Companies (Meetings of Board and its Powers) Rules 2014, the Terms of Reference of the Committee remaining the same as before.

The Committee was reconstituted and presently comprises the following members:

Name	Designation	Category
Shri Amar Nath Roy (Chairman of the Committee)	Director	Independent* – Non Executive
Dr. Gautam Bhattacharjee	Director	Independent* – Non Executive
Shri Prasan Lohia	Whole-time Director	Promoter – Executive

The Company Secretary acts as the Secretary to the Committee.

D. Stakeholders Relationship Committee

The existing Shareholders'/Investors' Grievance Committee and Share Transfer Committee which were previously constituted by the Board have been dissolved to form the Stakeholders Relationship Committee with effect from 01.05.2014, pursuant to section 178 of the Companies Act, 2013. The Committee shall be primarily responsible to resolve the grievances of the security holders of the Company, to oversee, monitor and approve the transfer of securities, its composition and the Terms of Reference being detailed as under:

- To monitor redressal of all kinds of shareholders' grievances;
- Overseeing the performances of the Company's Registrar and Share Transfer Agent;
- To review and approve all matters connected with the transfer/transmission of the Company's shares;
- To approve issue of the Company's duplicate share certificates in lieu of share certificates lost/mutilated/defaced/destroyed;
- To approve issuance of certificates on allotment of new shares of the Company;
- To approve splitting/consolidation/sub-division of share certificates of the Company;
- To approve re-materialisation of shares and issuance of share certificates;
- To recommend methods to upgrade the standard of services to shareholders;
- Carrying out any other function as it referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

The Committee presently comprises the following members:

Name	Designation	Category
Shri Amar Nath Roy (Chairman of the Committee)	Director	Independent* – Non Executive
Dr. Gautam Bhattacharjee	Director	Independent* – Non Executive
Shri Prasan Lohia	Whole-time Director	Promoter – Executive

The Company Secretary acts as the Secretary to the Committee.

* Appointment as Independent Director as per provisions of the Companies Act, 2013 is subject to the shareholders' approval in this Annual General Meeting

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

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the annexure to this report.

PARTICULARS OF EMPLOYEES

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, as amended, are given in the Annexure forming part of the Directors' Report.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

New Delhi
14th May, 2014

Champa Lal Lohia
Executive Chairman