

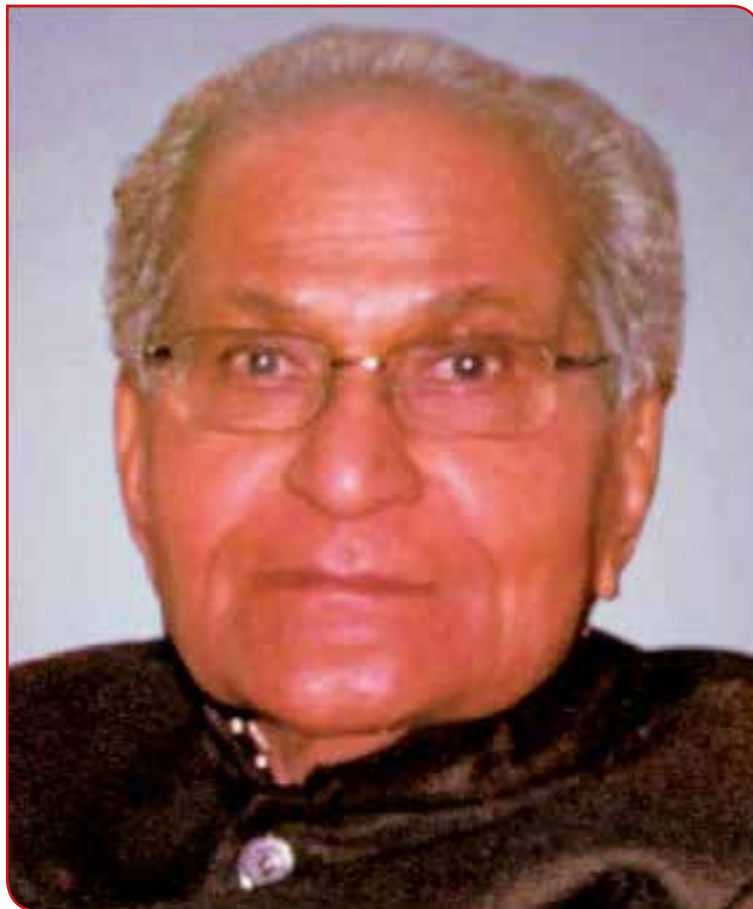
MERINO INDUSTRIES LTD.

ANNUAL
REPORT
2015

CONQUERING NEW HEIGHTS



ECONOMY ♦ EXCELLENCE ♦ ETHICS



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

Board of Directors

Executive Chairman

Shri Champa Lal Lohia

Executive Vice-Chairman

Shri Rup Chand Lohia

Managing Director

Shri Prakash Lohia

Directors

Miss Ruchira Lohia – Whole-time Director
Shri Prasan Lohia – Whole-time Director
Shri Bikash Lohia – Whole-time Director
Shri Madhusudan Lohia – Whole-time Director
Shri Nripen Kumar Dugar – Whole-time Director
Dr. Gautam Bhattacharjee – Independent Director
Shri Amar Nath Roy – Independent Director

Audit Committee

Shri Amar Nath Roy – Chairman
Dr. Gautam Bhattacharjee
Shri Prasan Lohia

Stakeholders Relationship Committee

Shri Amar Nath Roy – Chairman
Dr. Gautam Bhattacharjee
Shri Prasan Lohia

Nomination and Remuneration Committee

Shri Amar Nath Roy – Chairman
Dr. Gautam Bhattacharjee
Shri Prasan Lohia

Corporate Social Responsibility Committee

Shri Champa Lal Lohia – Chairman
Shri Prakash Lohia
Shri Prasan Lohia
Shri Amar Nath Roy

Chief Financial Officer

Shri Asok Kumar Parui

Company Secretary

Shri Sumantra Sinha

Registered Office

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60/1, Chowringhee Road,
Kolkata-700 020
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Fax: 91-33-2287-0314,
E-mail: merinokol@merinoindia.com
Website: www.merinoindia.com
CIN: U51909WB1965PLC026556

Plants

Delhi-Hapur Road,
Vill. Achheja,
P.O. Hapur-245 101
Dist. Hapur (U.P.)

Bagalur Road,
Vill. Kalahasthipuram,
Hosur - 635 103,
Dist. Krishnagiri
Tamil Nadu

Branches

Ahmedabad, Bangalore, Bhubaneswar, Chandigarh,
Chennai, Coimbatore, Delhi, Ernakulam, Hyderabad,
Jaipur, Mumbai, Nagpur, Pune, Rohad, Tinsukia and
Vijaywada

Auditors

Singhi & Co.
Chartered Accountants

Cost Auditors

Bhagat & Associates
Cost Accountants

Banks

AXIS Bank Limited
Standard Chartered Bank
Kotak Mahindra Bank Limited
IDBI Bank Limited
Punjab National Bank
The Hongkong and Shanghai Banking Corporation Limited
DBS Bank Limited
CITI Bank N.A.

Registrars & Share Transfer Agents

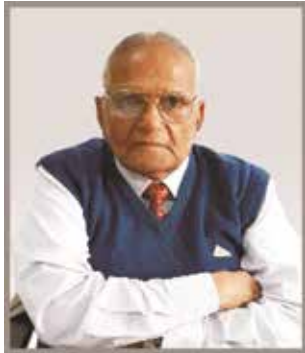
C.B Management Services (P) Ltd.
P-22, Bondel Road, Kolkata-700 019
Phone Nos.: (033) 4011 6700, 2280 6692 – 94
Fax: (033) 2287 0263;
Email: rta@cbmsl.com

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Executive Chairman's Message



Dear fellow shareholders,



It gives me great pleasure to introduce our Annual Report for the financial year 2014-15. In addition to presenting our operational and financial performance, this report follows practice of embedding sustainability at the centre of everything we do.

I am feeling very delighted to announce that Merino has once again delivered a spirited performance across domestic & international markets. The outstanding results in all facets of the business can be attributed to the commitment, diligence and energy exuded by each and every individual across the organization. It's a matter of great pride that Merino's turnover at 90824.61 Lacs in 2014-15 is highest ever till date.

This is a reflection of the Company's focus on innovation, differentiation and its Brand centric strategy. It is for this reason that Merino has emerged as a significant player amongst the leading laminate manufacturers and exporters.

We would not like to rest on our laurels. Instead, it is our objective to take the Company to the next level of growth. Over the next few years, we have plans to make significant investments in the expansion of business activities. These investments are important in our quest to deliver shareholder value at all times.

In many of our markets, the external environment continued to be very difficult in 2015 with unprecedented geopolitical challenges, currency volatility and suppressed consumer confidence. Despite these headwinds, our proven strategy and highly engaged work-force allowed us to maintain and reinforce our strong position across our markets. We made good progress with our cost leadership initiatives, stream-lining our production infrastructure and extending our reach and customer service while reducing cost. Our disciplined approach to working capital, allowed us to once again generate solid free cash flow.

While reinforcing the foundations of our business, operations is the key to our growth and expansion and equally important is our commitment to the large customer base that has propelled our journey this far. We have conducted several customers - oriented promotion campaigns to acquire new customers and retain the existing ones, consciously focusing on customer segmentation to better understand their needs and suitably enhance our offerings to meet their expectations. We have laid the foundations of a slew of initiatives across business segments and a collaborative effort among the businesses has proved extremely beneficial in reaping rich rewards.

On the product front, the company showcased several impressive new products at the Acetech Expo (Pan India) & Interzum Expo (Germany), with a lineup that included Postforming Compact Laminates & Hi-Gloss Panels, due to be launched in the coming months. Both the products have created high levels of excitement among the potential customers. Last year's launched products Wall Claddings - Internal & External both are doing exceptionally well in the market.

Corporate Governance

Given the complex environment in which we operate and the mounting challenges that we face on a daily basis, promoting "Good Governance" is the key to our progress and maintaining the highest levels of ethical standards is fundamental to our long-term growth. As we continue to focus on proactive and preventive measures to encourage good governance, we also appreciate the significance of a robust internal control system, combined with a dynamic ERP platform.

Corporate Social Responsibility

Our CSR activities are of paramount importance to us and it is a source of great joy to be able to contribute to

the upliftment of society and the nation. Your Company's social responsibility extends well beyond business and financial targets. Merino has implemented CSR programmes primarily in and around the rural areas adjoining work centres of your Company. These programmes are taken up under the key thrust areas identified by your company – Education targeted towards the underprivileged girl child including adult education, Yoga training & therapy, Ayurveda applications, Drinking water/Meal, Hygiene/Sanitation, Healthcare/Medical facility, Women empowerment and Environment protection.

The Group has extended financial assistance as grants to underprivileged children around the workplace. They are imparted education at Swami Vivekanand Arunoday Vidyalaya and provided with books, meals and to and fro transportation, free of cost.

Under the "Swami Vivekananda" Mid-day Meal Program more than 500 students at various schools are provided with nutritious and hygienic meals prepared at our ISO certified kitchens.

Under the Healthcare & Medical initiative we have established free dispensaries as well as provided mobile vans and doctors on service in addition to organising free health, eye and dental check-up camps. This initiative is supported by the Government of India and W.H.O. Elimination of Tuberculosis is the main objective of this initiative.

Under the Hygiene & Sanitation for all scheme Merino has constructed several toilet blocks and installed hand pumps at various places for drinking water.

Contributions to the exchequer

During the year, Merino and its promoters have contributed to the exchequer towards various taxes and duties, both direct and indirect, amounting to Rs. 31222 Lacs.

Challenges notwithstanding, today we are at a threshold where opportunities abound. Our vision to grow and expand our horizons, exploring all avenues to maximize business opportunities, has taken us beyond laminates into new lines of business and across geographies. Aggressive value creation through a diversified portfolio, coupled with an appetite for organic growth, will enable us to achieve our desired goals.

Although our priority will continue to be in the area of enhancing organizational capabilities to deliver enhanced performance our demographic profile makes it crucial for us to take our manpower up the learning curve faster. Learning and Development therefore, will be an area of greater focus in the times to come. Further, leveraging technology to complement talent is yet another path that we will continue to explore in the foreseeable future. The need of the hour is to push ourselves beyond our capabilities and explore opportunities where we can extend our contributions and expertise the enable the corporation to transcend all boundaries.

I thank you all for the faith reposed in us and assure you that we will continue our course on a growth trajectory, taking Merino to greater heights. I am confident that all the endeavors that we are pursuing will yield positive results and create lasting value to each and every stakeholder.

Jai Hind.

New Delhi,
13th May, 2015

Champa Lal Lohia
Executive Chairman

DIRECTORS' REPORT

TO THE SHAREHOLDERS

Dear Shareholders,

Your directors are pleased to present their Fiftieth Annual Report on the business and operations of the company together with the Audited Statement of Accounts for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS (STANDALONE AND CONSOLIDATED)

During the year under review, performance of your company is as under:

(Rs. Lac)

Particulars	Standalone performance		Consolidated performance	
	Year ended 31st March 2015	Year ended 31st March 2014	Year ended 31st March 2015	Year ended 31st March 2014
Total Revenue	64109.89	56394.19	92813.38	80945.27
Profit before taxation	6637.50	3525.57	11337.58	6472.46
Less: Tax Expense	2363.55	1330.63	4081.45	2386.43
Profit before Minority Interest	–	–	7256.13	4086.03
Less: Minority Interest	–	–	791.24	512.98
Profit after tax	4273.95	2194.94	6464.89	3573.05
Add: Balance brought forward from the previous year	8890.91	7081.58	14420.48	11399.96
Balance	13164.86	9276.52	20885.37	14973.01
Which the Directors have appropriated as under:				
Interim Dividend	155.54	155.54	155.54	155.54
Dividend distribution tax on interim dividend	15.14	10.58	26.43	26.44
General Reserve	427.40	219.49	660.40	370.55
TOTAL	598.08	385.61	842.37	552.53
Balance Profit carried forward to the next year	12566.78	8890.91	20043.00	14420.48

ECONOMIC OVERVIEW

The Indian economy grew during the current fiscal with inflationary conditions showing welcome signs of lessening.

The Global demand for laminates and allied products rose in the backdrop of increased activities in the construction arena of developing countries and the subsequent path towards recovery following the earlier recessionary conditions, witnessed all round. The furniture industry focussed on product development and improved textured finishing with an eye towards aesthetics.

The Indian laminate market witnessed emerging players adding to the domestic competition which created constant pressure on this consumer goods segment coupled with the constant pressure of rising input costs. However, there were visible signs of growth as decorative laminates steadily penetrated a significant slice of the veneer segment, more so in the value added premium varieties.

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

In such a backdrop, your Company reported an impressive increase in Total Revenue by Rs. 7715.70 Lac as compared to that of the previous year. There was a substantial growth in profits during the year, the profit before tax indicating an increase by Rs. 3111.93 Lac as compared to previous year's figures. The Company's net profit after taxes stood at Rs. 4273.95 Lac as against Rs. 2194.94 Lac last year.

The Consolidated Total Revenue for Financial Year 2014-15 was placed at Rs. 92813.38 Lac with the previous year's figures being Rs. 80945.27, registering a growth of about 15%. The consolidated profit before tax stood at Rs. 11337.58 Lac as against Rs. 6472.46 Lac, last year. The consolidated profit after tax and minority interest stood at Rs. 6464.89 Lac as compared with Rs. 3573.05 Lac, last year.

Your Company continued to operate primarily in four segments namely manufacturing of Laminates, Potato Flakes, Panel Products & Furniture and Formaldehyde while trading in similar and allied products including Acrylic solid surface. During the year under review revenue generated from the Manufacturing segment was Rs. 93266.80 Lac as against Rs. 82225.74 Lac and that of the trading segment was Rs. 3098.25 as against Rs. 3219.75 Lac, last year.

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

DIVIDEND AND RESERVES

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 8th August, 2014. In view of the same and to conserve liquidity, your Directors have not recommended any final dividend for the year.

The Company had transferred a sum of Rs. 427.40 Lac to the General Reserve during the year under review, as against Rs. 219.49 Lac in the previous year.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The unclaimed and unpaid dividend relating to the financial years 2006-2007 and 2007-2008 were due for transfer on 02.11.2014 and 04.12.2014 respectively, to the Investor Education and Protection Fund established by the Central Government, which was duly deposited by the Company on 30.10.2014 and 26.11.2014.

SHARE CAPITAL

The paid up equity share capital as at 31st March, 2015 stood at Rs. 1047.03 Lac. During the year under review the Company had neither issued any shares with differential voting rights nor has granted any stock options or sweat equity.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return pursuant to the provisions of Section 92 of the Companies Act, 2013 ("the Act") read with Rule 12 of the Companies (Management and Administration) Rules, 2014, in form no. MGT -9, for the Financial Year 2014-15 has been enclosed as **Annexure 1**.

NUMBER OF BOARD MEETINGS

During the Financial Year 2014-15 under review, four meetings of the Board of Directors of the Company were held (i.e. on 14.05.2014, 08.08.2014, 05.12.2014 and 17.03.2015).

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS BY COMPANY

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act are given in the notes to Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

As all transactions entered with Related Parties for the year under review were on Arm's Length basis and in the ordinary course of business, the provisions of Section 188 of the Act therefore are not attracted. Thus, disclosure under Section 134(3)