

MONTE CARLO

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11th ANNUAL REPORT 2018-19





MONTE CARLO FASHIONS LIMITED

REGISTERED OFFICE: B-XXIX-106, G.T. ROAD, SHERPUR, LUDHIANA-141003

investor@montecarlocorporate.com | www.montecarlocorporate.com | CIN: L51494PB2008PLC032059

| BOARD OF DIRECTORS | |
|---------------------------|------------------------------|
| Sh. Jawahar Lal Oswal | Chairman & Managing Director |
| Sh. Sandeep Jain | Executive Director |
| Smt. Ruchika Oswal | Executive Director |
| Smt. Monica Oswal | Executive Director |
| Sh. Rishabh Oswal | Executive Director |
| Sh. Dinesh Gogna | Non-Executive Director |
| Sh. Paurush Roy | Independent Director |
| Sh. Ajit Singh Chatha | Independent Director |
| Sh. Alok Kumar Misra | Independent Director |
| Dr. Amrik Singh Sohi | Independent Director |
| Dr. Manisha Gupta | Independent Director |
| Dr. Suresh Kumar Singla | Independent Director |

| | |
|--|---|
| CHIEF FINANCIAL OFFICER Sh. Raj Kapoor Sharma (appointed w.e.f. 30.11.2018) COMPANY SECRETARY Sh. Sahil Jain (resigned w.e.f. 04.04.2019) Sh. Ankur Gauba (appointed w.e.f. 20.05.2019) STATUTORY AUDITORS Walker, Chandio & Co. LLP Chartered Accountants B-406 A, 4 th Floor, L & T Elante Office Industrial Area, Phase I, Chandigarh-160002 SECRETARIAL AUDITOR P. S. Dua & Associates, Ludhiana | REGISTRAR & SHARE TRANSFER AGENT Link Intime India Private Limited Registered Office: C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083 BANKERS State Bank of India Federal Bank Limited WORKS B-XXIX-106, G.T. Road, Sherpur-Ludhiana 231, Industrial Area-A-Ludhiana Plot No-425 & 427, Near Textile Colony-Ludhiana G.T. Road, Millerganj - Ludhiana |
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MONTE CARLO FASHIONS LIMITED

(CIN: L51494PB2008PLC032059)

Registered Office: B-XXIX-106, G.T. Road, Sherpur, Ludhiana-141003

Tel.: 91-161-5048610-40, Fax: 91-161-5048650

Website: www.montecarlocorporate.com, E-mail: investor@montecarlocorporate.com

NOTICE

NOTICE is hereby given that the **Eleventh (11th) ANNUAL GENERAL MEETING** of the members of **MONTE CARLO FASHIONS LIMITED** will be held as scheduled below:

DATE : September 27, 2019
DAY : Friday
TIME : 11.00 A.M
PLACE : B-XXIX-106, G.T Road, Sherpur, Ludhiana-141003

to transact the following Business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the Financial Year ended March 31, 2019 along with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Sandeep Jain (DIN: 00565760), who retires by rotation in terms of Section 152(6) of Companies Act, 2013 and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sh. Dinesh Gogna (DIN: 00498670), who retires by rotation in terms of Section 152(6) of Companies Act, 2013 and being eligible, offers himself for re-appointment.
4. To ratify the appointment of Statutory Auditors and to fix their remuneration:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT, in accordance with the provisions of Sections 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company do hereby ratifies the appointment of M/s Walker Chandio & Co. LLP, Chartered Accountants (Firm Registration No. 001076N/ N500013), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Twelfth (12th) AGM of the Company at a remuneration of ` 32,00,000/- (Rupees Thirty Two Lacs only) to conduct the audit for the financial year 2019-20 payable in one or more instalments plus goods and services tax as applicable, and reimbursement of out-of-pocket expenses incurred.”

SPECIAL BUSINESS:

5. **Re-appointment of Dr. Suresh Kumar Singla (DIN: 00403423) as an Independent Director of the Company**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr. Suresh Kumar Singla (DIN: 00403423), Non-Executive Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 160 of the said Act proposing his candidature for the office of Director, be and is hereby re- appointed as a Non-Executive Independent Director of the Company, not subject to retirement by rotation, to hold office for a second term of 5 (five) consecutive years commencing with effect from June 27, 2019 upto June 26, 2024.”

6. **Re-appointment of Dr. Manisha Gupta (DIN: 06910242) as an Independent Director of the Company:**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr. Manisha Gupta (DIN: 06910242), Non-Executive Independent Director of the Company who has submitted a declaration that she meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 160 of the said Act proposing her candidature for the office of Director, be and is hereby re- appointed as a Non-Executive Independent Director of the Company, not

subject to retirement by rotation, to hold office for a second term of 5 (five) consecutive years commencing with effect from June 27, 2019 upto June 26, 2024.”

7. Re-appointment of Sh. Alok Kumar Misra (DIN: 00163959) as an Independent Director of the Company:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Sh. Alok Kumar Misra (DIN: 00163959), Non-Executive Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 160 of the said Act proposing his candidature for the office of Director, be and is hereby re-appointed as a Non-Executive Independent Director of the Company, not subject to retirement by rotation, to hold office for a second term of 5 (five) consecutive years commencing with effect from August 9, 2019 upto August 8, 2024.”

8. Re-appointment of Dr. Amrik Singh Sohi (DIN: 03575022) as an Independent Director of the Company:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr. Amrik Singh Sohi (DIN: 03575022), Non-Executive Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 160 of the said Act proposing his candidature for the office of Director, be and is hereby re-appointed as a Non-Executive Independent Director of the Company, not subject to retirement by rotation, to hold office for a second term of 3 (Three) consecutive years commencing with effect from February 1, 2019 upto January 31, 2022.”

9. Re-appointment of Sh. Ajit Singh Chatha (DIN: 02289613) as an Independent Director of the Company:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Sh. Ajit Singh Chatha (DIN: 02289613), Non-Executive Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 160 of the said Act proposing his candidature for the office of Director, be and is hereby re-appointed as a Non-Executive Independent Director of the Company, not subject to retirement by rotation, to hold office for a second term of 3 (three) consecutive years commencing with effect from April 1, 2019 upto March 31, 2022.”

**By order of the Board
For Monte Carlo Fashions Limited**

**Ankur Gauba
(Company Secretary)
ICSI Membership No. ACS-29405**

Date : 05.08.2019

Place : Ludhiana

NOTES:

1. An explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to Item no. 5 to 9 of the Notice set out above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE 11TH ANNUAL GENERAL MEETING OF THE COMPANY IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE INSTRUMENT APPOINTING THE PROXY, DULY SIGNED, STAMPED AND COMPLETED IN ALL RESPECT, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM FOR THE ANNUAL GENERAL MEETING (AGM) IS ENCLOSED.**

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member. A Proxy-holder shall prove his identity at the time of attending the Meeting

3. Pursuant to Section 113 of the Companies Act, 2013, corporate members intending to send their Authorized Representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the AGM.
4. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
5. Pursuant to Section 91 of the Companies Act, 2013 and Rule 10 of the Companies (Management and Administration) Rules, 2014 read with Regulation 42(5) of the Listing Regulations, the Share Transfer Books and Register of Members of the Company will remain closed from Saturday, September 21, 2019 to Friday, September 27, 2019 (both days inclusive).
6. Members wishing to claim dividend, which had remained unpaid are requested to contact Link Intime India Private Limited, Registrar and Share Transfer Agent (RTA). Members are requested to note that the amount of dividend which remains unclaimed for a period of 7 years from the date of such transfer to Unpaid Dividend Account will be transferred to the Investor Education and Protection Fund, as per section 205 A of the Companies Act, 1956 (Section 124 and 125 of the Companies Act, 2013). The dividend amount transferred to the IEPF can be claimed by the concerned members from the IEPF Authority after complying with the procedure prescribed under the IEPF Rules. The details of the unclaimed dividends are also available on the Company's website at <http://www.montecarlocorporate.com/details-of-unclaimed-amounts.php> and the said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the Link (www.iepf.gov.in).
7. Members holding shares in electronic form may note that bank particulars registered against their respective demat accounts will be used by the Company for payment of dividend. The Company or its RTA cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company/ RTA.
8. Members/ proxies/ authorized representatives are requested to:
 - (i) Bring their copies of Annual Report, Notice and Attendance Slip (enclosed herewith) duly completed and signed at the meeting. The duly filled in Attendance Slip must be surrendered at the counter before attending the meeting.
 - (ii) Quote their Folio/Client ID & DP ID Nos. in all correspondence.

The Annual Report of the Financial Year 2018-19 is being sent through electronic mode only to those members whose email addresses are registered with the Company/Depository Participant(s), if the members have not registered their email addresses, physical copies of the same are being sent by permitted mode.
9. Any Member desirous of receiving any information on the Financial Statements or operations of the Company is requested to forward his / her queries to the 'Share Department' of the Company at the Registered Office at least seven working days prior to the AGM, so that the required information can be made available at the AGM.
10. The details of Directors seeking Appointment/ Re-appointment at the AGM as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') is annexed herewith.
11. All the documents referred to in the Notice of the meeting and shall remain open for inspection at the Registered Office of the Company during office hours on all the working days and will also be available for inspection by the members at the Annual General Meeting.
12. The Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 and the Register of Director and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, shall remain open during office hours on all the working days and also remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.
13. Members may also note that the Annual Report of the Company for the year ended 31st March, 2019, including notice of the 11th Annual General Meeting will be uploaded on the Company's website www.montecarlocorporate.com and the same may also be accessed by the members from the website of CDSL i.e. www.evotingindia.com.
14. Members holding shares in physical form are requested to notify change in their address, if any, along with self-attested copy of address proof i.e., Aadhaar Card / Electricity Bill / Telephone Bill / Driving License / Passport / Bank Passbook particulars to the Company/ Register and Transfer Agent. However, members holding equity shares in dematerialized form may notify the change in their address, if any, to their respective Depository Participants, as the case may be.
15. In compliance with Regulation 44 of Listing Regulations and pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Company

is pleased to provide its members the facility of 'remote e-voting' (which means e-voting from a place other than venue of the General Meeting) to exercise their right to vote on the resolutions proposed to be considered at the AGM. For this purpose, the Company has engaged the services of M/s. Central Depositories Services (India) Ltd. (CDSL) for providing e-voting facility to enable the members to cast their votes electronically.

16. The Securities and Exchange Board of India (SEBI) vide its circular dated April 20, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account details for all Members holding shares in physical form. Therefore, the Members are requested to submit their PAN and Bank Account details either to the Company or to the Registrar and Share Transfer Agent (RTA) of the Company. In this regard, the Members are requested to submit a duly signed letter along with self-attested copy of PAN Card(s) of all the registered Members (including joint holders) along with original cancelled cheque/ a copy of Bank Passbook duly attested by the Bank, not being a date earlier than one month bearing the name of the sole / first holder. Members holding shares in demat form are requested to submit the aforesaid documents to their respective Depository Participant (s).
17. Members holding shares in physical mode are:
 - a. required to submit their Permanent Account Number (PAN) and bank account details to the Company / RTA, if not registered with the Company, as mandated by SEBI.
 - b. advised to register nomination in respect of their shareholding in the Company.
 - c. requested to register / update their e-mail address with the Company / RTA for receiving all communications from the Company electronically.
18. Members holding shares in electronic mode are:
 - a. requested to submit their PAN and bank account details to their respective Depository Participants ('DPs') with whom they are maintaining their demat accounts.
 - b. advised to contact their respective DPs for registering nomination.
 - c. requested to register / update their e-mail address with their respective DPs for receiving all communications from the Company electronically.
19. Non-Resident Indian members are requested to inform RTA / respective DPs, immediately of:
 - a. Change in their residential status on return to India for permanent settlement.
 - b. Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
20. SEBI vide its Circular No. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018, amended Regulation 40 of Listing Regulations pursuant to which from 1st April, 2019, onwards securities can be transferred only in dematerialized form. However, it is clarified that, members can continue holding shares in physical form. Transfer of securities in demat form will facilitate convenience and ensure safety of transactions for investors.

Members holding shares in physical form are requested to convert their holding(s) to dematerialized form to eliminate all risks associated with physical shares. SEBI vide Press Release dated 27th March, 2019 has clarified that the share transfer deed(s) once lodged prior to the deadline of 31st March, 2019 and returned due to deficiency in documents submitted, may be re-lodged for transfer. In case of transmission of shares held in physical mode, it is mandatory to furnish a copy of the PAN Card of the legal heir(s) / Nominee(s).
21. The facility for voting through ballot paper shall also be made available at the venue of the Annual General Meeting. The members attending the meeting, who have not casted their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the AGM but shall not be entitled to cast their vote again.
22. The Members of the Company at their 7th Annual General Meeting ('AGM') held on 29th September, 2015 approved the appointment of M/s Walker Chandio & Co. LLP (Firm Registration No. 001076N/ N500013), Chartered Accountants, as the Statutory Auditors of the Company for a period of five years from the conclusion of the said AGM till the conclusion of the 12th AGM of the Company, subject to ratification by Members at every Annual General Meeting.

As per Section 40 of the Companies Amendment Act, 2017, enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditor is not required to be ratified at every AGM, still the Board of Directors proposed the ratification of appointment of M/s Walker Chandio & Co. LLP, as the Statutory Auditors by the shareholders of the Company to hold the office from the conclusion of the forthcoming Annual General Meeting till the conclusion of 12th Annual General Meeting of the Company, in true sense of the resolution passed by the shareholders in their 7th AGM, as recommended by the Audit Committee.

M/s Walker Chandio & Co. LLP is best suited to handle the scale and complexity associated with the audit of the financial statements of the Company as they have considerable audit experience in the Company's operating segment, market standing of the firm, clientele served and technical knowledge.

The Company has received their consent to act as the Auditors of the Company and they have confirmed that the said

ratification, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act. Accordingly, the Board of Directors, on the recommendation of the Audit Committee, in their meeting held on 5th August, 2019 proposed the ratification of appointment of M/s Walker Chandiok & Co. LLP as Statutory Auditors of the Company to hold office from the conclusion of this AGM till the conclusion of the Twelfth AGM of the Company. The remuneration of M/s Walker Chandiok & Co. LLP for the financial year 2019-20 is set out in the Resolution relating to their ratification.

23. The Company has appointed Sh. P. S. Dua (CP No. 3934) of M/s. P.S. Dua & Associates, Company Secretaries as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.
24. The scrutinizer, after scrutinizing the votes cast at the AGM and through remote e-voting, shall make a consolidated report and submit the same to the Chairman of the meeting. The Results of the voting shall be placed along with the Scrutinizer's Report on the website of the Company i.e. www.montecarlocorporate.com and on CDSL's website i.e. www.evotingindia.com and simultaneously be communicated to the Stock Exchanges.
25. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the AGM i.e. September 27, 2019.

26. Voting through Electronic means:

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on September 24, 2019 (at 09:00 A.M.) and ends on September 26, 2019 (at 05:00 P.M.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on September 20, 2019 (the Cut-Off date), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form | |
|--|---|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) |
| | <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number mentioned on Attendance Slip indicated in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iv). |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN: **190820011** for **<MONTE CARLO FASHIONS LIMITED>** on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **Note for Non – Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details by custodian a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xxi) Name, designation, address, e-mail ID and phone number of the person responsible to address the grievances connected with the evoting:
Sh. Ankur Gauba,
Company Secretary and Compliance Officer
B-XXIX-106, G.T. Road, Sherpur, Ludhiana – 141003,
Ph. 0161-5066628, E-mail Id: investor@montecarlocorporate.com.
- (xxii) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 20th September, 2019 may follow the same instructions as mentioned above for e-Voting.

27. Other Instructions:

- (i) As per the provisions of Section 101 and 136 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016, the service of notice/documents including Annual Report can be sent by e-mail to its members. Members who have not registered their e-mail addresses, so far, are requested to register their e-mail address with Company's Registrar & Transfer Agents, M/s. Link Intime India Pvt. Ltd and Depository Participant in case of Demat Shares, to enable the Company to send the notices, documents including Annual Reports by e-mail.
- (ii) The persons who have acquired shares and become members after the despatch of the notice may send a request to the Company Secretary for a copy of the Annual Report and can also attend the AGM or appoint a proxy. The Annual Report is also available on the website of the Company.
- (iii) A person, who is not a Member as on the cut-off date i.e. 20th September, 2019 should treat this Notice for information purposes only.

28. A route map and prominent land mark for easy location to the venue of AGM is given after the proxy form in the Annual Report.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

In accordance with Section 102 of the Companies Act, 2013, the Explanatory Statement setting out all the material facts concerning each item of Special Business is produced hereunder:

ITEM NO. 5 to 8

In terms of the Companies Act 2013 and SEBI Listing Agreement/ Regulations, Dr. Suresh Kumar Singla & Dr. Manisha

Gupta (in EGM held on 27.06.2014 for a term of five years from 27.06.2014 to 26.06.2019), Sh. Alok Kumar Misra (in 9th AGM for a term of five years from 09.08.2016 to 08.08.2019), Dr. Amrik Singh Sohi (in 9th AGM for a term of three years from 01.02.2016 to 31.01.2019) were appointed as Independent Directors of the Company.

As per Section 149(10) of the Companies Act 2013, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for second term of upto five consecutive years on the Board of a Company.

Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. Suresh Kumar Singla, Dr. Manisha Gupta, Sh. Alok Kumar Misra, Dr. Amrik Singh Sohi being eligible for re-appointment as an Independent Director and offering themselves for re appointment, the Board has proposed for re-appointment of Independent Directors, as detailed below:

| Name & Din of Director | Proposed Second Term |
|-------------------------|--|
| Dr. Suresh Kumar Singla | 5 (five) consecutive years with effect from 27.06.2019 to 26.06.2024 |
| Dr. Manisha Gupta | 5 (five) consecutive years with effect from 27.06.2019 to 26.06.2024 |
| Sh. Alok Kumar Misra | 5 (five) consecutive years with effect from 09.08.2019 to 08.08.2024 |
| Dr. Amrik Singh Sohi | 3 (five) consecutive years with effect from 01.02.2019 to 31.01.2022 |

Also, Disclosure under Regulation 36(3) of the Listing Regulations are set out in the Annexure to the Explanatory Statement. Accordingly, the Board recommends passing of Special Resolutions (Item no. 5-8) in relation to re-appointment of above mentioned Independent Directors of the Company.

MEMORANDUM OF INTEREST

None of the Directors/Key Managerial Personnel of the Company/their relatives except the appointees i.e. Dr. Suresh Kumar Singla, Dr. Manisha Gupta, Dr. Amrik Singh Sohi, Sh. Alok Kumar Misra are in any way concerned or interested in the said resolutions. This Explanatory Statement may also be regarded as an appropriate disclosure under the Listing Regulations.

ITEM NO.9

In terms of the Companies Act 2013 and SEBI Listing Agreement/ Regulations, Sh. Ajit Singh Chatha (DIN: 02289613) (in EGM held on 27.06.2014 for a term of five years from 01.04.2014 to 31.03.2019) was appointed as Independent Director of the Company.

As per Section 149(10) of the Companies Act 2013, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for second term of upto five consecutive years on the Board of a Company. Also, Pursuant to the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, w.e.f April 1, 2019, approval of the shareholders is required by way of a special resolution for appointment/re-appointment of any non-executive Director who has attained the age of 75 years.

Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, Sh. Ajit Singh Chatha being eligible for re-appointment as an Independent Director and offering himself for re appointment, the Board has proposed for his re-appointment as Independent Director for 3 (Three) consecutive years with effect from 01.04.2019 to 31.03.2022.

Profile and Justification for Re-appointment of Sh. Ajit Singh Chatha as Independent Director is stated below:-

Sh. Ajit Singh Chatha holds bachelor's degree in engineering (electrical) from Government Engineering College, Jabalpur. He is having a rich and varied experience in Industrial Promotion, Industrial Policy, Corporate Governance, Financial Management and Taxation. He has previously been part of the Indian Revenue Services and the Indian Administrative Services for a period of over 35 years and held various positions in the central and state governments, including Joint Secretary, Ministry of Commerce - Government of India, Home Secretary and the Chief Secretary to the Government of Punjab. He has also previously served as the Managing Director of Punjab State Industrial Development Corporation and Chairman of the Punjab State Electricity Board and been a member of the Advisory Committee on Industrial Promotion and the third Punjab State Finance Commission.

The re-appointment is recommended based on knowledge, skills, experience and performance evaluation of Mr. Chatha. His performance evaluation has been considered annually by the Nomination and Remuneration Committee and the Board. Mr. Chatha has been evaluated on parameters including proactive discussions, understanding of the Company's business, engagement with the Company's management, exercising of Independence of behavior and judgement in his

decisions and if he strives to bring in the best practices regarding governance, disclosures and operations.

Also, Disclosure under Regulation 36(3) of the Listing Regulations are set out in the Annexure to the Explanatory Statement.

The Board considers that his association would be of immense benefit to the Company and it is desirable to continue to avail his services. Accordingly, consent of the Members is sought for passing Special Resolution as set out in this item of the Notice for re-appointment of Sh. Ajit Singh Chatha as an Independent Director of the Company.

MEMORANDUM OF INTEREST

None of the Directors/Key Managerial Personnel of the Company/their relatives except the appointee i.e. Sh. Ajit Singh Chatha are in any way concerned or interested in the said resolutions. This Explanatory Statement may also be regarded as an appropriate disclosure under the Listing Regulations.

By order of the Board
For Monte Carlo Fashions Limited

Date : 05.08.2019

Place : Ludhiana

Ankur Gauba
(Company Secretary)
ICSI Membership No.-ACS-29405

ANNEXURE TO THE EXPLANATORY STATEMENT

Pursuant to regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the information about the directors proposed to be appointed / re-appointed as set out in this notice is furnished below:

| | |
|--|--|
| Name | Sh. Sandeep Jain |
| Designation | Executive Director |
| Date of birth/age | 24.12.1971/ 48 Years |
| Date of appointment | 01.07.2008 |
| Qualification | Bachelor's degree in Pharmacy, Diploma in Export Management, Certificate course in wool from the AWTA Limited |
| Experience | More than 21 years of experience in the field of administration. |
| Terms of appointment | Liable to retire by rotation |
| Remuneration (For the Financial Year 2018-2019): | ₹ 18,827,368.00 |
| Disclosure of Relationship: | Sh. Sandeep Jain is husband of Smt. Ruchika Oswal, Executive Director, Son In Law of Sh. Jawahar Lal Oswal, Chairman and Managing Director and Brother in law of Smt. Monica Oswal, Executive Director of the company. He is not related to any other Director(s) and Key Managerial Personnel of the Company. |
| Shareholding: | 344 Equity Shares |
| No. of Board Meetings attended during the year: | 5 |
| Directorships in other Listed Companies as on 31st March, 2019 : | Nil |
| Chairman/Member of Committees of other Listed Companies as on 31st March, 2019: | Nil |

| | | | | | | |
|---|---|---|--------------------|---|---|--------------------|
| Name | Sh. Dinesh Gogna | | | Dr. Suresh Kumar Singla | | |
| Designation | Non Executive Director | | | Independent Director | | |
| Date of birth/age | 07.07.1953/ 66 Years | | | 07.07.1950/69 Years | | |
| Date of appointment | 01.07.2008 | | | 27.06.2014 | | |
| Qualification | Bachelor's Degree in Law, Completed the United States Money and Capital Market Seminar conducted by New York Institute of Finance. | | | Bachelor's degree in science (mathematics) and a master's degree in economics a master's degree in statistics from Punjab University, Chandigarh and a post graduate diploma in business management and Ph.D in statistics from Punjab Agricultural University, Ludhiana. | | |
| Experience | More than 35 years of experience in the field of Corporate Finance and Taxation. | | | More than 35 years of experience in the field of academics. | | |
| Terms of appointment | Liable to retire by rotation | | | Not Liable to retire by rotation | | |
| Remuneration for the Financial Year 2018-19. : | ` 1,25,000 (Sitting Fees for Board Meetings attended) | | | ` 75000 (Sitting fees for Board Meeting attended) | | |
| Disclosure of Relationship: | Sh. Dinesh Gogna is not related to any Director(s) and Key Managerial Personnel of the Company. | | | Dr. Suresh Kumar Singla is not related to any Director(s) and Key Managerial Personnel of the Company. | | |
| Shareholding: | 1000 Equity Shares | | | None | | |
| No. of Board Meetings attended during the year: | 5 | | | 3 | | |
| Directorships in other Listed Companies as on 31st March, 2019 : | Nahar Spinning Mills Limited, Nahar Industrial Enterprises Limited, Nahar Capital And Financial Services Limited, Nahar Poly Films Limited and Oswal Leasing Limited. | | | Nahar Poly Films Limited, Nahar Capital And Financial Services Limited, Nahar Spinning Mills Limited and Nahar Industrial Enterprises Limited. | | |
| Chairman/Member of Committees of other listed Companies as on 31st March, 2019: | Name of the Company | Name of the Committee | Designation | Name of the Company | Name of the Committee | Designation |
| | Nahar Spinning Mills Limited | Audit Committee | Member | Nahar Spinning Mills Limited | Audit Committee | Member |
| | | Share Transfer Committee | Member | | Nomination & Remuneration Committee | Chairman |
| | | Corporate Social Responsibility Committee | Member | | Corporate Social Responsibility Committee | Member |
| | Nahar Industrial Enterprises Limited | Audit Committee | Member | Nahar Capital And Financial Services Limited | Audit Committee | Member |
| | | Stakeholder Relationship Committee | Chairman | | Stakeholders Relationship Committee | Member |
| | | Corporate Social Responsibility Committee | Member | | Nomination & Remuneration Committee | Chairman |
| | Nahar Capital And Financial Services Limited | Share Transfer Committee | Member | Nahar Industrial Enterprises Limited | Nomination & Remuneration Committee | Member |
| | | Corporate Social Responsibility Committee | Member | | Stakeholders Relationship Committee | Member |
| | Nahar Poly Films Limited | Share Transfer Committee | Member | Nahar Poly Films Limited | Corporate Social Responsibility Committee | Member |
| | | Corporate Social Responsibility Committee | Member | | Audit Committee | Chairman |
| | | Audit Committee | Member | | Nomination & Remuneration Committee | Chairman |
| | | | | | Corporate Social Responsibility Committee | Member |

| | | | | | | |
|---|--|-------------------------------------|-------------|---|---|-------------|
| Name | Dr. Manisha Gupta | | | Sh. Alok Kumar Misra | | |
| Designation | Independent Director | | | Independent Director | | |
| Date of birth/ age | 19.06.1979/ 40 Years | | | 23.09.1952/67 Years | | |
| Date of appointment | 27.06.2014 | | | 09.08.2016 | | |
| Qualification | Bachelor's degree in commerce from the Government College for Women, Punjab University, Ludhiana, a master's degree in business administration and a Ph.D in management from Punjab Technical University, Jalandhar. | | | Degree of B.Sc with First Class in 1971 (Lucknow University), M.Sc.(Statistics) in First Class in 1973 (Lucknow University) and a Post Graduate Diploma in Personnel Management from FMS, Delhi University. | | |
| Experience | More than 17 years of experience in the field of academics. | | | More than 45 years of experience in field of Finance, Accounting, Management & Administrative Matters | | |
| Terms of appointment | Not Liable to retire by rotation | | | Not Liable to retire by rotation | | |
| Remuneration (For the Financial Year 2018-2019): | ` 100,000 (Sitting Fees for Board Meetings attended) | | | ` 100,000 (Sitting Fees for Board Meetings attended) | | |
| Disclosure of Relationship: | Dr. Manisha Gupta is not related to any Director(s) and Key Managerial Personnel of the Company. | | | Sh. Alok Kumar Misra is not related to any Director(s) and Key Managerial Personnel of the Company. | | |
| Shareholding: | None | | | None | | |
| No. of Board Meetings attended during the year: | 4 | | | 4 | | |
| Directorships in other Listed Companies as on 31 st March, 2019: | Nahar Poly Films Limited, Nahar Capital and Financial Services Limited and Nahar Spinning Mills Limited. | | | Indiabulls Ventures Limited, Dewan Housing Finance Corporation Limited and The Investment Trust of India Limited. | | |
| Chairman/Member of Committees of other Listed Companies as on 31 st March, 2019: | Name of the Company | Name of the Committee | Designation | Name of the Company | Name of the Committee | Designation |
| | Nahar Poly Films Limited | Nomination & Remuneration Committee | Member | Dewan Housing Finance Corporation Limited | Audit Committee | Chairman |
| | | Stakeholders Relationship Committee | Chairperson | | Nomination & Remuneration Committee | Member |
| | Nahar Capital And Financial Services Limited | Nomination & Remuneration Committee | Member | | Stakeholders Relationship Committee | Member |
| | Nahar Spinning Mills Limited | Nomination & Remuneration Committee | Member | | Corporate Social Responsibility Committee | Chairman |
| | | | | Indiabulls Ventures Limited | Audit Committee | Chairman |
| | | | | | Nomination & Remuneration Committee | Chairman |
| | | | | | Stakeholders Relationship Committee | Chairman |
| | | | | The Investment Trust of India Limited | Audit Committee | Member |
| | | | | | Nomination & Remuneration Committee | Chairman |
| | | | | | Stakeholders Relationship Committee | Member |

| | | | | | | |
|---|--|-------------------------------------|--------------------|---|---|--------------------|
| Name | Dr. Amrik Singh Sohi | | | Sh. Ajit Singh Chatha | | |
| Designation | Independent Director | | | Independent Director | | |
| Date of birth/ age | 01.08.1947 / 72 Years | | | 14.01.1936 / 83 Years | | |
| Date of appointment | 01.02.2016 | | | 21.03.2014 | | |
| Qualification | Master Degree in Science and Ph.D | | | bachelor's degree in engineering (electrical) from Government Engineering College, Jabalpur | | |
| Experience | More than 41 years of experience in Teaching and Entomology Research. | | | Been a part of the Indian Revenue Services and the Indian Administrative Services for a period of over 35 years until 1995. | | |
| Terms of appointment | Not Liable to retire by rotation | | | Not Liable to retire by rotation | | |
| Remuneration (For the Financial Year 2018-2019): | ` 100,000 (Sitting Fees for Board Meetings attended) | | | ` 75,000 (Sitting Fees for Board Meetings attended) | | |
| Disclosure of Relationship: | Dr. Amrik Singh Sohi is not related to any Director(s) and Key Managerial Personnel of the Company. | | | Sh. Ajit Singh Chatha is not related to any Director(s) and Key Managerial Personnel of the Company. | | |
| Shareholding: | None | | | None | | |
| No. of Board Meetings attended during the year: | 4 | | | 3 | | |
| Directorships in other Listed Companies as on 31st March, 2019: | Nahar Poly Films Limited, Nahar Capital And Financial Services Limited, Nahar Spinning Mills Limited and Nahar Industrial Enterprises Limited. | | | J. Kumar Infraprojects Limited, Nahar Industrial Enterprises Limited and Indian Acrylics Limited | | |
| Chairman/Member of Committees of other Listed Companies as on 31st March, 2019: | Name of the Company | Name of the Committee | Designation | Name of the Company | Name of the Committee | Designation |
| | Nahar Poly Films Limited | Stakeholders Relationship Committee | Member | J. Kumar Infra Projects Limited | Audit Committee | Member |
| | Nahar Capital And Financial Services Limited | Stakeholders Relationship Committee | Chairman | | Nomination & Remuneration Committee | Member |
| | Nahar Spinning Mills Limited | Stakeholders Relationship Committee | Member | Indian Acrylics Limited | Audit Committee | Member |
| | | Nomination & Remuneration Committee | Member | | Nomination & Remuneration Committee | Chairman |
| | | | | | Stakeholders Relationship Committee | Chairman |
| | | | | | Corporate Social Responsibility Committee | Member |

DIRECTORS' REPORT

To The Members,

Your Directors are pleased to present the Eleventh (11th) Annual Report of the Company along with the Audited Financial Results for the year ended March 31, 2019.

1. FINANCIAL RESULTS

The Company's financial performance for the year under ended March 31, 2019 is summarized below:

(₹ In Lakhs)

| Particulars | Current Year 2018-2019 | Previous Year 2017-2018 |
|--|---------------------------|----------------------------|
| Revenue from operations | 65,637.47 | 57,637.26 |
| Other Income | 1,822.85 | 1,778.57 |
| Total Revenue from operations & other income | 67,460.32 | 59,415.83 |
| Earnings before Interest, Depreciation & Tax (EBIDTA) | 11,657.49 | 13,093.14 |
| Depreciation & Amortization | 1,910.01 | 2,096.28 |
| Finance Cost | 894.61 | 771.62 |
| Profit before Tax (PBT) | 8,852.87 | 10,225.24 |
| Tax Expenses/ Adjustment | | |
| 1. Current Tax | 2,272.37 | 3,075.54 |
| 2. Deferred Tax | 620.89 | 358.23 |
| Profit after Tax (PAT) | 5,959.61 | 6,791.47 |
| Other Comprehensive Income (net of tax) | (40.61) | (52.08) |
| Total Comprehensive Income | 5,919.00 | 6,739.39 |
| Earnings Per Share (₹) – Basic | 27.46 | 31.25 |
| Earnings Per Share (₹) – Diluted | 26.85 | 31.25 |

Notes:-

- The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended and presentation requirements of Division II of schedule III of the Companies Act, 2013 (Ind AS compliant schedule III) as applicable to financial statement.
- Effective from 1 April 2018, the Company has adopted Ind AS 115 using retrospective approach by adjusting the opening balance of equity for the earliest prior period presented and the other comparative amounts disclosed in financial results for each prior period presented, to the extent possible. To reflect the change in accounting policy in accordance with Ind AS 115, the Company has recognised a refund liability amounting to ₹1,232.43 lakhs as at 31 March 2018 and ₹1,790.46 lakhs as at 1 April 2017 with the corresponding adjustment in revenue from operations. Further, the Company has recognised right to receive returned goods amounting to ₹942.76 lakhs as at 31 March 2018 and ₹1,489.84 as at 1 April 2017 with the corresponding adjustment to changes in inventories of finished goods, work-in-progress and traded goods.
- During the year, the Company has changed the accounting policy for determining cost of the manufactured finished goods from Retail method to Actual Cost method. In accordance with Ind AS 8, the Company has applied the change in accounting policy retrospectively by adjusting the opening balance of equity for the earliest prior period presented and the other comparative amounts disclosed in financial statements for each prior period presented, to the extent possible.

2. PERFORMANCE REVIEW

• PRODUCTION AND SALES REVIEW

During the year under review, your company has registered robust revenue growth of around 14% backed by improved traction across all business segments. The revenue from operations has increased to ₹ 65,637.47 Lakhs from ₹ 57,637.26 Lakhs achieved last year. The production of the Company increased from 2,467,312 pcs to 3,223,038 pcs during the year 2018-19 showing an increase of 30.62%.

• PROFITABILITY

The Company's earnings before depreciation, interest and tax for the current year is ₹ 11,657.49 Lakhs as against ₹ 13,093.14 Lakhs achieved last year. After providing for depreciation of ₹ 1,910.01 Lakhs (previous year 2096.28),

finance cost of ` 894.61 Lakhs (previous year ` 771.62 Lakhs), provision for current tax of ` 2272.37 Lakhs (previous year ` 3075.54 Lakhs), provision for deferred tax ` 620.89 Lakhs (previous year ` 358.23 Lakhs), the Net Profit from the operations worked out to ` 5,959.61 Lakhs as compared to ` 6,791.47 Lakhs achieved last year. The major reasons for decrease in Net profit of the company is due to increase in advertisement costs and unspent amount of CSR for the previous years 2016-17, 2017-18 and current year 2018-19 has been paid during the year. The other income of the Company for the said Financial Year stood at ` 1,822.85 Lakhs.

• RESOURCES UTILISATION

A) Fixed assets

The Net Block as at 31st March, 2019 was ` 14,949.65 Lakhs as compared to 15,619.89 Lakhs in the previous year.

B) Current assets

The current assets as on 31st March, 2019 were ` 56,928.82 Lakhs as against ` 50,353.58 Lakhs in the previous year.

• FINANCIAL CONDITION & LIQUIDITY

The Company enjoys a rating of “(ICRA) AA- (pronounced double A minus)” from ICRA Limited (ICRA) for long term borrowings and “(ICRA) A1+ (pronounced ICRA A one plus)” for short term borrowings. Management believes that the Company’s liquidity and capital resources should be sufficient to meet its expected working capital needs and other anticipated cash requirements.

The position of liquidity and capital resources of the company is given below:-

(` in Lakhs)

| PARTICULARS | 2018-19 | 2017-18 |
|--------------------------------------|-------------|------------|
| Cash and Cash Equivalents | | |
| Beginning of the year | 152.23 | 69.49 |
| End of the year | 3,265.54 | 152.23 |
| Net Cash provided (used) by:- | | |
| Operating activities | 12,561.24 | 2,386.70 |
| Investing activities | 955.16 | 2,053.18 |
| Financial activities | (10,403.09) | (4,357.14) |

3. BUSINESS OUTLOOK

Brand “Monte Carlo”, as you are aware has diversified its presence across segments such as Woolens, Cotton, Home furnishings and Kids. To enhance the brand visibility to a wider market, focus is increased in southern and eastern regions by increasing the share of “All Season” Cotton product categories growth in revenues. The company continues to aggressively invest in brand building and marketing initiatives and continue to enjoy strong customer response. We continue with our endeavour to build a leading branded apparel company which can fulfil all the requirements of an individual’s wardrobe and have successfully positioned as a lifestyle brand with a well-diversified product offering. Now, the focus is on Retail network expansion, for which the company has started selling products through shop in shop (SIS) Model and is focusing on Online sales through own portal as well as Tie-ups with e-commerce portals such as Flipkart, Jabong, Myntra, Amazon and Kapsons.

The Company has comprehensive range of cotton and cotton-blended products which cater to all seasons in-order to expand our all-season product range and strengthen our pan-India operations and expect these initiatives bring meaningful contribution to our overall revenue in the coming years.

Your company is strongly focused on optimizing asset utilization, quality, efficiency and relationships and have strong distribution network across India through 262 EBOs, 2,500+ MBO’s & distributors and 300+ national chain stores. Majority of net revenues comes from MBOs and franchise EBOs where primarily sales is done on preorders and on outright basis. This helps the company to remain insulated against any inventory and credit risk. The company has sufficient capacity to grow the business over near term and do not foresee any major capex for the next two years.

4. SHARE CAPITAL

The Authorized Share Capital of your Company as at 31st March, 2019 stands at ` 250,000,000 divided into 25,000,000 Equity Shares of ` 10/- each. During the year, the Company bought-back 1,000,000 Equity Shares of ` 10/- each through the tender offer route from its existing shareholders. As at 31st March, 2019, the Issued, Subscribed and Paid-up Equity Share Capital of the Company stood at ` 2,073.21 Lakhs divided into 20,732,064 Equity Shares of ` 10/- each (Restated after taking the effect of extinguishment of 1,000,000 equity shares pursuant to buy back).

There was neither any issue of Equity shares with differential rights as to dividend, voting or otherwise nor grant of any stock options or sweat equity under any scheme during the year under review.

5. BUYBACK OF EQUITY SHARES

During the year, for the purpose of Buy-back of Equity shares, the following Special Resolution(s) were passed by way of a Postal Ballot:-

1. Buy-Back of 1,000,000 fully paid up Equity Shares of face value of ₹ 10/- each at a maximum price of ₹ 550/- (Rupees Five Hundred Fifty only) per share for an aggregate maximum amount of upto ₹ 550,000,000 (Rupees Fifty Five Crores only)
2. Transfer of ₹ 24,222.55 Lakhs from Special Reserve to General Reserve in terms of provisions of the Section 2(43) of the Companies Act, 2013.

Accordingly, the Company issued a public announcement dated 8 February 2019 for buy-back of 1,000,000 Equity Shares of face value of ₹ 10 each from its existing shareholders as on the record date of 22 February 2019 on a proportionate basis through "Tender Offer" route in accordance with the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 and the Companies Act, 2013 at a price of ₹ 550 per equity share, aggregating to ₹ 5,500 lakh. The tendering period for buy-back offer remained open from 19 March 2019 to 2 April 2019 and the settlement in respect of shares bought back was completed on 10 April 2019. Extinguishment of the shares bought back has been completed on 11 April 2019. Consequent to the said buy-back and in accordance with the Ind AS 10 and 32, ₹ 100 lakhs has been reclassified from equity and ₹ 5,400 lakhs has been reclassified from other equity to other current financial liabilities.

Therefore, As at 31st March, 2019, the Issued, Subscribed and Paid-up Equity Share Capital of the Company stood at ₹ 2,073.21 Lakhs divided into 20,732,064 Equity Shares of ₹ 10/- each.

6. DIVIDEND ON EQUITY SHARES

The company has earned a net profit of ₹ 5,959.61 lakhs for the year 2018-19. With a view to plough back profits having regard to the future requirement of funds, your Directors do not propose any dividend for the year ended 31st March, 2019.

7. TRANSFER TO RESERVES

The General Reserve of the Company stood at ₹ 38,134.09 Lakhs as at 31.03.2019. Your Company has transferred a sum of ₹ 1000 Lakhs to the General Reserve out of the profits of the Company.

8. SUBSIDIARY, JOINT VENTURES OR ASSOCIATE COMPANIES

Your Company does not have any Subsidiary, Joint Ventures or Associate Company

9. MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THIS REPORT:-

There are no material changes or commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company i.e. 31st March, 2019 and the date of this report.

10. REPORTING OF FRAUDS:

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder.

11. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNELS

The Board of Directors presently consists of 12 (Twelve) Directors including a Chairman & Managing Director, 4 (Four) Executive Directors, 1 (One) Non Executive Non Independent Director and 6 (Six) Independent Directors.

In terms of the provision of Section 149 of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), your Company have 3 (Three) Women Directors on the Board namely Smt. Ruchika Oswal (DIN:00565979), Smt. Monica Oswal (DIN:00566052) and Dr. Manisha Gupta (DIN:06910242).

The Board consists of a balanced profile having specialization in different fields that enable them to address various business needs of the Company, while placing very strong emphasis on corporate governance.

Directors:

The Board in its meeting held on 25.05.2018 had appointed Sh. Rishabh Oswal (DIN: 03610853) as an Additional Director and designated him as an Executive Director for a period of 5 years w.e.f. 01.06.2018, which was subsequently approved by the Members at the 10th Annual General Meeting of the Company. Also, Board had taken note of Sh. Paurush Roy (DIN: 03038347), Non-Executive Director Non Independent Director of the Company, being an Independent Director of the Company for a term of 3 consecutive years w.e.f. 25.05.2018.

Re-appointment of Independent Directors

Based on recommendation of Nomination and Remuneration Committee, the Board has proposed for re-appointment of Independent Directors for a second term, as detailed below:

| Name of Director | Director Identification Number (DIN) of Director | Proposed Second Term |
|-------------------------|--|--|
| Dr. Suresh Kumar Singla | 00403423 | 5 (five) consecutive years with effect from 27.06.2019 to 26.06.2024 |
| Dr. Manisha Gupta | 06910242 | 5 (five) consecutive years with effect from 27.06.2019 to 26.06.2024 |
| Sh. Alok Kumar Misra | 00163959 | 5 (five) consecutive years with effect from 09.08.2019 to 08.08.2024 |
| Dr. Amrik Singh Sohi | 03575022 | 3 (five) consecutive years with effect from 01.02.2019 to 31.01.2022 |
| Sh. Ajit Singh Chatha | 02289613 | 3 (five) consecutive years with effect from 01.04.2019 to 31.03.2022 |

The Company has received the following documents from them:

- Consent in writing to act as Director in Form DIR- 2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014;
- intimation in Form DIR-8 pursuant to terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that they are not disqualified as per Section 164(2) of the Companies Act, 2013; and
- a declaration to the effect that they meet the criteria of independence as provided under Section 149 of the Companies Act, 2013

Pursuant to Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, no listed Company shall appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy five years unless a Special Resolution is passed to that effect. Re-appointment of Sh. Ajit Singh Chatha (DIN: 02289613) aged about 83 years is proposed by Board in its meeting held on February 8, 2019 as Independent Director for 3 (Three) consecutive years with effect from 01.04.2019 to 31.03.2022. Therefore the approval of his re-appointment is being sought by a Special Resolution

In compliance with Regulation 36(3) of Listing Regulations and Secretarial Standards, brief resumes of all the Directors proposed to be appointed / re-appointed are attached along with the Notice calling the ensuing Annual General Meeting.

Statement of declaration from Independent Directors

All the Independent Directors of the Company have given their respective declarations that they meet the criteria of Independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations

Retirement by Rotation

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Sh. Sandeep Jain (DIN: 00565760), Executive Director and Sh. Dinesh Gogna (DIN: 00498670), Director of the Company, being longest in the office since their last appointments/ re-appointments, shall retire at the forthcoming Annual General Meeting and being eligible offers themselves for re-appointment, on the same terms and conditions on which they were appointed/ re-appointed.

In compliance with Regulation 36(3) of Listing Regulations and Secretarial Standards brief resumes of all the Directors proposed to be appointed / re-appointed are attached along with the Notice calling the ensuing Annual General Meeting.

Key Managerial Personnel (KMP's)

The following persons are the Key Managerial Personnel (KMP's) of the Company as on March 31, 2019 in terms of provisions of Section 203 of the Companies Act, 2013 and rules made there under:

| Names of KMP's | Designation |
|------------------------------------|------------------------------|
| Sh. Jawahar Lal Oswal | Chairman & Managing Director |
| Sh. Sandeep Jain | Executive Director |
| Smt. Ruchika Oswal | Executive Director |
| Smt. Monica Oswal | Executive Director |
| Sh. Rishabh Oswal | Executive Director |
| Sh. Raj Kapoor Sharma ¹ | Chief Financial Officer |
| Sh. Sahil Jain ² | Company Secretary |

1. *Sh. Raj Kapoor Sharma was appointed as Chief Financial Officer with effect from 30th November, 2018.*
2. *Sh. Sahil Jain has resigned from the post of Company Secretary with effect from 04th April, 2019 and in his place, Mr. Ankur Gauba is appointed by the Board of Directors as Company Secretary with effect from 20th May, 2019.*

12. NUMBER OF BOARD MEETINGS HELD

The Board meets at regular intervals to discuss and decide on policy and strategy apart from other business discussions. However, in case of a special and urgent business need, the Board's approval is taken by passing resolution(s) through circulation, as permitted by law, which is confirmed in the subsequent Board Meeting.

During the Financial Year 2018-2019, the Board met on 5 (Five) occasions viz. May 25, 2018; July 30, 2018; November 13, 2018; November 30, 2018 and February 08, 2019. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

13. COMMITTEES OF THE BOARD

The Company has constituted the following committees in compliance with the Companies Act, 2013 and the Listing Regulations.

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders Relationship Committee and
4. Corporate Social Responsibility Committee.

During the Financial Year 2018-19, there was change in composition of the Board by virtue of resignation of Dr. Yash Paul Sachdeva (DIN: 02012337) and take note of Sh. Paurush Roy (DIN: 03038347) being an Independent Director. Accordingly, after detailed discussion about the requirements laid down under Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board of Directors in its meeting held on 25.05.2018, reconstituted all the relevant Committees such as Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

Apart from the aforesaid Committees of the Board, the Company has also constituted Share Transfer Committee. All these Committees have been established as a part of the best corporate governance practices. There have been no instances where the Board has not accepted any recommendation of the aforesaid Committees. The details in respect to the Compositions, Powers, Roles, and Terms of Reference etc. are provided in the Corporate Governance Report forming part of this Report.

14. ANNUAL BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance, that of its committees and individual directors. Further, the Independent Directors of the Company met once during the year on February 08, 2019 to review the performance of the Non-executive Directors, Chairman of the Company and performance of the Board as a whole. Composition of Board / Committees, Quality and timely flow of information, frequency of meetings, and level of participation in discussions were some of the parameters considered during the evaluation process.

15. NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Policy adopted by the Company lays down a framework in relation to selection, appointment/ reappointment of Directors, Key Managerial Personnel and Senior Management alongwith their remuneration. It also lays down criteria for determining qualifications, positive attributes, independence of director(s) and other matters provided under sub section (3) of section 178 of the Companies Act, 2013.

The said Policy is available on Company's website and the web link for the same is http://www.montecarlocorporate.com/pdf/NOMINATION_AND_REMUNERATION_POLICY.pdf

16. PUBLIC DEPOSIT

During the year under review, your Company has not accepted any deposits as envisaged under Section 73 of the Companies Act, 2013 and rules made there under.

17. INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

Your Company has an adequate system of internal financial control commensurate with its size and scale of operations, procedures and policies, ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and timely preparation of reliable financial information.

Based on the framework of Internal Financial Controls and compliance systems established and maintained by the Company, work performed by the Internal Auditors, Statutory Auditors and Secretarial Auditors and External Consultants,

including audit of internal financial controls over financial reporting by the Statutory Auditors, and the reviews performed by the management and the Audit Committee, the Board is of the opinion that Internal Financial Controls of the Company were adequate and effective during the year under review.

18. BUSINESS RISK MANAGEMENT

Pursuant to Section 134(3)(n) of the Companies Act, 2013, your management at regular intervals evaluates various risks faced by the Company which could affect its business operations or threaten its existence. Major risks identified by the businesses and functions from time to time are systematically addressed through mitigating actions on a continuing basis.

19. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Board has constituted a CSR Committee under Section 135 of the Companies Act, 2013. As per the adopted CSR policy, the Company is committed to certain CSR initiatives in the fields of Medical Relief and Research, Environmental Sustainability, Education and Social Upliftment etc., in collaboration with its Group Companies through the Implementing Agency i.e Oswal Foundation. The said policy is available at <http://www.montecarlocorporate.com/pdf/Corporate-Social-Responsibility-Policy.pdf>.

The Company carries on its CSR activities through Oswal Foundation along with the other group companies. The Company discharges its CSR liability by either contributing the amount to the said foundation or making a provision by way of CSR reserve.

The Company was required to spend ` 162.71 Lakhs on account of its liability towards Corporate Social Responsibility (CSR) for the Financial year 2018-19. Also, the Company has contributed an amount of ` 5.00 lakhs as donation to Christian Medical College and Hospital and ` 3.00 lakhs to Society for Promotion of ethical and affordable healthcare.

During the year, Company has contributed a sum of ` 457.63 lakhs (` 146.72 lakhs- unspent CSR amount for the financial year 2016-17, ` 156.20 Lakhs- unspent CSR amount for the financial year 2017-18 and ` 154.71 Lakhs - being the prescribed CSR expenditure for the financial Year 2018-19) to Oswal Foundation for the purposes of CSR including promotion of charitable hospital being run by Mohan Dai Oswal Cancer Treatment & Research Foundation.

Thus, the Company has fulfilled its CSR obligations for the unspent CSR amount for the financial Year 2016-17, 2017-18 and 2018-19 and complied with the provisions of section 135 of the Companies Act, 2013.

The Annual Report on CSR activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 including a brief outline of the Company's CSR Policy is set out as **Annexure-A** forming part of this Report.

20. RELATED PARTY TRANSACTIONS

All the transactions entered into by the Company with its related parties, during the year under review were in the "ordinary course of the business" and on "an arm's length basis", none of which was "material" in accordance with the Company's Related Party Transactions Policy. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is enclosed as **Annexure-B**. Further there are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large.

Prior approval of the Audit Committee was also obtained for all the transactions entered into during the year 2018-19 by the Company with its Group Companies. The details of all the related party transactions were placed before the Audit Committee and Board for its consideration and ratification on quarterly basis.

The details of the transactions entered with Related Parties during the year are provided in the Company's Financial Statements at Note No. 39 of the Notes to Accounts in accordance with the relevant Accounting Standard.

Your Company has framed a Policy on Related Party Transactions for purpose of identification and monitoring of such transactions in line with the requirements of the Companies Act, 2013 and Listing Regulations and the said policy is available at <http://www.montecarlocorporate.com/pdf/RELATED-PARTY-TRANSACTION-POLICY.pdf>.

21. PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS

The Company has not given any loan, guarantee or made any investment covered under the provisions of Section 186 of the Companies Act, 2013. However, the detail of investments made by the Company is given in the notes to the Financial Statement.

22. EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of Companies Act, 2013 substituted by Companies (Amendment) Act, 2017 w.e.f. July 31, 2018, the Annual Return is put up on the Company's website and can be accessed at http://www.montecarlocorporate.com/annual_returns.php

23. INTERNAL CONTROL SYSTEM & ITS ADEQUACY

Your Company has developed a well defined Internal Control System commensurate with the size, scale and complexity

of its operations. The internal audit function is entrusted to M/s Gupta Vigg & Co., Chartered Accountants, who were appointed as Internal Auditors by the Board in terms of Section 138 of the Companies Act, 2013 and rules made there under. The Internal Auditors monitors and evaluates adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company. Significant audit observations are addressed to the Audit Committee and the Committee thereafter reviews the adequacy and effectiveness of the internal control systems and suggests various measures to improve and strengthen the same.

24. CORPORATE GOVERNANCE

The Company is committed to follow the best Corporate Governance practices, including the requirements under the SEBI Listing Regulations and the Board is responsible to ensure the same, from time to time. The Company has duly complied with the Corporate Governance requirements. Further a separate section on Corporate Governance in compliance with the provisions of Regulation 34 of the Listing Regulations read with Schedule V of the said regulations alongwith a Certificate from a Practicing Company Secretary confirming that the Company is and has been compliant with the conditions stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 forms part of the Annual Report.

25. AUDITORS

Statutory Auditors & Auditor's Report

M/s Walker Chandiok & Co. LLP (Firm Registration No: 001067N / N500013), Chartered Accountants, were appointed as Statutory Auditors of the Company in the 7th Annual General Meeting to hold office up to the conclusion of the 12th Annual General Meeting, subject to ratification by shareholders each year. Accordingly, the Board of Directors based on the recommendation of the Audit Committee have proposed the ratification of appointment of M/s Walker Chandiok & Co. LLP, as the Statutory Auditors by the shareholders of the Company to hold the office from the conclusion of the forthcoming Annual General Meeting till the conclusion of 12th Annual General Meeting of the Company.

As per Section 40 of the Companies Amendment Act, 2017, enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditor is not required to be ratified at every AGM, still the Board of Directors, have proposed the ratification of appointment of M/s Walker Chandiok & Co. LLP, as the Statutory Auditors to hold the office from the conclusion of the forthcoming Annual General Meeting till the conclusion of 12th Annual General Meeting of the Company, in true sense of the resolution passed by the shareholders in their 7th AGM, as recommended by the Audit Committee.

The Company has obtained from Auditors a written consent and a certificate as required under the Section 139 of the Companies Act, 2013 to the effect that their reappointment, if made, would be within the limits and in accordance with the criteria specified under Section 141 of the Companies Act, 2013.

The Auditor's Report on the Annual Accounts of the Company for the year under review is self explanatory and requires no comments. Further, there are no adverse remarks or qualification in the report that calls for Board's explanation. During the year under review, there were no frauds reported by Auditors under Section 143(12) of Companies Act, 2013.

Secretarial Auditor

M/s P.S. Dua & Associates, Company Secretary in whole time practice, were appointed as Secretarial Auditor of the Company to conduct Secretarial Audit for the Financial Year 2018-19, pursuant to the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

There has been no qualification, reservation, adverse remark or disclaimer given by the Secretarial Auditor in his Report for the year under review reported except that the Board of Directors has appointed Mr. Raj Kapoor Sharma as Chief Financial Officer (KMP) on 30th November 2018 in their meeting, to fill the vacancy caused by the resignation of Mr. Raman Kumar on 13th November, 2017.

The Board comments that, inadvertent delay is because the Company was in search of the Right Candidate who can efficiently handle the affairs of the Company. Thereafter, the Company re-designated, Sh. Raj Kapoor Sharma, Vice-President- Accounts as Chief Financial Officer (KMP) on 30th November 2018. The Secretarial Audit Report is annexed as **Annexure-C** to this report.

Cost Auditor

In terms of the Companies (Cost Records and Audit) Amendment Rules, 2014, the Company is not covered under the purview of Cost Audit.

26. LISTING OF EQUITY SHARES

The Equity Shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), Mumbai and the listing fees for the Financial Year 2018-2019 have been duly paid to both the Stock Exchanges.

27. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has formulated a Vigil Mechanism/ Whistle blower Policy to encourage employees to report matters about unethical behaviour, actual or suspected fraud or violation of Company's code of conduct without the risk of subsequent victimisation and discrimination. The details of the same are explained in the Corporate Governance Report and the said policy is also posted on the website of the Company i.e. www.montecarlocorporate.com.

28. DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted a policy against sexual harassment and constituted an Internal Compliant Committee in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. During the Financial Year 2018-19 the Company has not received any complaints on the same and hence, no complaint was pending as at 31st March, 2019.

29. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(3) read with Schedule V of the Listing Regulations, is presented separately and forms part of this Annual Report.

30. DISCLOSURE OF REMUNERATION OF DIRECTORS AND EMPLOYEES OF THE COMPANY

Information as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in Rule 5(2) and 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is annexed hereto as **Annexure-D** and forms part of this report.

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

The information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed as **Annexure-E**.

32. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

During the year under review, your Company has duly complied with the applicable provisions of the Secretarial Standards.

33. HUMAN RESOURCE & INDUSTRIAL RELATIONS

During the year under review, your Company enjoyed cordial relationship with the workers and employees at all levels of the organisation. A detailed section on Human Resources/Industrial Relations is provided in the Management Discussion and Analysis Report, which forms part of this Annual Rep

34. DIRECTOR'S RESPONSIBILITY STATEMENT

In compliance of Section 134(3)(c) of the Companies Act, 2013, it is hereby confirmed that:

- a) In the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The directors have prepared the annual accounts on a going concern basis;
- e) The directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

35. GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:-

1. Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

2. Transfer of unclaimed / unpaid dividend to Investor Education and Protection Fund.
3. Change in nature of Business of Company

36. ACKNOWLEDGEMENT & APPRECIATION

Your Board is grateful to express its deep sense of gratitude and appreciation to all the Shareholders, Customers, Vendors, Bankers, Financial Institutions and Business Associates of the Company for their continued support during the relevant financial year. Your Board acknowledges support and cooperation received from all the regulatory authorities of the Central Government and State Government respectively.

It also express its sincere appreciation of the employees at all levels for being encouraged to meet several challenges encountered and look forward to their valuable support and commitment in the times ahead.

For and on behalf of Board of Directors

Place: Ludhiana
Date : 05.08.2019

Jawahar Lal Oswal
Chairman & Managing Director
(DIN: 00463866)

ANNEXURE-A TO THE DIRECTOR'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2018-19:
1. Brief Outline of CSR Policy:

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the CSR Committee formulated the Corporate Social Responsibility Policy (CSR Policy) and recommended the same to the Board of Directors of the Company for its approval. The Board of Directors in their meeting held on 06.08.2015 has adopted the CSR Policy as recommended by CSR Committee. Under the CSR Policy, Company through Oswal Foundation, a Registered Society along with other Group Companies, will broadly focus on medical relief and research, Environment Protection / Sustainability, Promoting Education, Social Upliftment and / or any other activity as envisaged in the Companies Act, 2013. The CSR policy is also available on the Company's website i.e www.montecarlocorporate.com.

2. Composition of the CSR Committee:

The CSR Committee comprises of:

- a) Sh. Jawahar Lal Oswal Chairman
- b) Sh. Dinesh Gogna Member
- c) Sh. Suresh Kumar Singla Member

3. Average net profit of the Company for last three financial years : ₹ 8135.59 Lakhs

4. Prescribed CSR Expenditure : ₹ 162.71 Lakhs

5. Details of CSR spend for the financial year:

- a) Total amount spent for the Financial Year : ₹ 162.71.Lakhs
- b) Amount unspent, if any : Nil
- c) Manner in which the amount spent during the Financial year is detailed below:

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---------|--|---|--|---|---|---|---|
| Sr. No. | CSR Project or activity identified | Sector in which the project is covered | Projects or programs 1. Local area or other 2. Specify the State and District where project or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Subheads: 1. Direct expenditure on projects or programs 2. Overheads: | Cumulative expenditure up to the reporting period | Amount spent District or through implementing agency. |
| 1. | Donation to Christian Medical College and Hospital | Preventive Healthcare | Ludhiana City, District Ludhiana, Punjab | - | ₹ 5,00,000 | ₹ 5,00,000 | Direct |
| 2. | Donation to Society for Promotion of Ethical and Affordable Healthcare | Preventive Healthcare | Ludhiana City, District Ludhiana, Punjab | - | ₹ 3,00,000 | ₹ 8,00,000 | Direct |
| 3. | Donation to Oswal Foundation | Preventive Healthcare, Eradicating poverty & others | Ludhiana City, District Ludhiana, Punjab | - | ₹ 1,54,71,000 | ₹ 1,62,71,000 | Direct |

6. The Company joined hands with a recognized charitable organization, M/s. Oswal Foundation ('Foundation') for the purpose of undertaking its Corporate Social Responsibility (CSR) obligation. The said organization had done various activities under CSR as prescribed under Schedule VII of the Companies Act, 2013. Looking towards, the contribution made by M/s. Oswal Foundation to society, the Company has contributed a sum of ₹ 457.63 Lakhs (₹ 146.72 lakhs- unspent CSR amount for the financial year 2016-17, ₹ 156.20 Lakhs- unspent CSR amount for the financial year 2017-18 and ₹ 154.71 being the prescribed CSR expenditure for the financial Year 2018-19). Thus, with the said contribution,

company has fulfilled its CSR Obligations for the unspent CSR amount for the Financial Year 2016-17, 2017-18 and 2018-19 and complied with the provisions of Section 135 of the Companies Act, 2013.

7. The Chairman of the Corporate Social Responsibility (CSR) Committee has given a responsibility statement on behalf of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Place: Ludhiana
Date : 05.08.2019

Jawahar Lal Oswal
Chairman of the CSR Committee/
Chairman & Managing Director
(DIN: 00463866)

ANNEXURE-B TO THE DIRECTOR'S REPORT

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

During the Financial Year 2018-19, the Company had not entered into any contract/ arrangement/ transaction with its related parties which is not in ordinary course of business or at arm's length.

- (a) Name(s) of the related party and nature of relationship: Not Applicable
- (b) Nature of contracts/arrangements/transactions: Not Applicable
- (c) Duration of the contracts/arrangements/transactions: Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- (e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
- (f) Date of approval by the Board: Not Applicable
- (g) Amount paid as advances, if any: Not Applicable
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis:

All the transactions entered into by the Company with its related parties, during the year under review were in the "ordinary course of the business" and on "an arm's length basis", none of which was "material" in accordance with the Company's Related Party Transactions Policy.

- (a) Name(s) of the related party and nature of relationship: Not Applicable
- (b) Nature of contracts/arrangements/transactions: Not Applicable
- (c) Duration of the contracts/arrangements/transactions: Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- (e) Date(s) of approval by the Board, if any: Not Applicable
- (f) Amount paid as advances, if any: Not Applicable

Place: Ludhiana
Date : 05.08.2019

Jawahar Lal Oswal
Chairman of the CSR Committee/
Chairman & Managing Director
(DIN: 00463866)

ANNEXURE-C TO THE DIRECTOR'S REPORT

**Form No. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2019

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

To
The Members
Monte Carlo Fashions Limited
B-XXIX-106, G.T. Road, Sherpur
Ludhiana-141003
(CIN: L51494PB2008PLC032059)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Monte Carlo Fashions Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2019 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - There was no Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings as informed to us.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - b. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018-Not Applicable to the Company during the period under review.
 - c. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - d. Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018- The special resolution for Buy-Back passed by way of Postal Ballot on 08/02/2019, has been filed with the stock exchange on 26/02/2019.
 - e. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- Not Applicable to the Company during the period under review.
 - f. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- Not Applicable to the Company during the period under review.
 - g. Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013- Not Applicable to the Company during the period under review.
 - h. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreement entered into with the National Stock Exchange of India Ltd. and BSE Limited.

During the period under review and as per the explanations and clarifications given to us and the representations made by the management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the following:

The Board of Directors has appointed Mr. Raj Kapoor Sharma as Chief Financial Officer (KMP) on 30th November 2018 in their meeting, to fill the vacancy caused by the resignation of Mr. Raman Kumar on 13.11.2017.

We further report that we have relied on the representation made and other documents provided by the Company, its officers and on the examination of the same on test check basis, the Company has complied with the following applicable laws:

1. The Factories Act, 1948;
2. The Payment of Wages Act, 1936 and the Payment of Wages (Amendment) Act, 2017;
3. The Payment of Bonus Act, 1965 and the Payment of Bonus (Amendment) Act, 2015;
4. The Payment of Gratuity Act, 1972;
5. Industrial Employment (Standing Orders) Act, 1946;
6. The Industrial Disputes Act, 1947;
7. The Employees' State Insurance Act, 1948;
8. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
9. The Environment (Protection) Act, 1986;
10. The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;
11. The Water (Prevention & Control of Pollution) Act, 1974;
12. The Air (Prevention & Control of Pollution) Act, 1981;
13. The Boilers Act, 1923 and the Indian Boilers (Amendment) Act, 2007.

We further report that:

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

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

All the decisions of the Board of Directors were approved unanimously or by majority and same were captured and recorded as part of the minutes.

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

We further report that during the review period:

1. The Board of Directors of the Company have re-appointed Mr. Ajit Singh Chatha (DIN: 02289613), in their Board Meeting held on 08.02.2019, as the Independent Director of the Company, who has already attained the age of 75 years, subject to the approval of shareholders in the ensuing Annual General Meeting.
2. The Company has obtained the approval of shareholders by way of Postal Ballot for the following:-
 - a) To approve Buy-Back of Equity Shares
 - b) To transfer the Special Reserve to General Reserve
3. The Company has bought back 1,000,000 fully paid-up equity shares of face value of ₹ 10/- each (Equity Shares) at a price of ₹ 550/- (Rupees Five Hundred Fifty only) per share for an aggregate amount of ₹ 550,000,000 (Rupees Fifty Crores Only). The Buy-Back closes on April 10, 2019. The extinguishment of share certificates, for the shares bought back was done on April 11, 2019.

**For P. S. Dua & Associates
(Company Secretaries)**

**Sd/-
P.S. Dua
Proprietor**

**Place: Ludhiana
Date : 05.08.2019**

**(Membership No. FCS 4552)
(Certificate of Practice No. 3934)**

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

Annexure A to Secretarial Audit Report

To

**The Members
Monte Carlo Fashions Limited
B-XXIX-106, G.T.Road, Sherpur
Ludhiana-141003
(CIN: L51494PB2008PLC032059)**

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

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

**For P. S. Dua & Associates
(Company Secretaries)**

Sd/-

P.S. Dua

Proprietor

**(Membership No. FCS 4552)
(Certificate of Practice No. 3934)**

**Place: Ludhiana
Date : 05.08.2019**

ANNEXURE-D TO THE DIRECTOR'S REPORT**Disclosure in the Boards' Report under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment & Remuneration) Rules, 2014**

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 are as under:

| S. No. | Name & Designation of Director / KMP | Remuneration for F.Y. 2018-19 (in Lacs) | % Age increase in the remuneration in the F.Y. 2018-19 | Ratio of Remuneration to each director to median remuneration of employees |
|--------|---|---|--|--|
| 1. | Sh. Jawahar Lal Oswal Chairman & Managing Director | Nil* | N.A | N.A |
| 2. | Sh. Sandeep Jain Executive Director | 188.27 | 10.78 | 127.00 |
| 3. | Smt. Ruchika Oswal Executive Director | 90.55 | 1.31 | 61.08 |
| 4. | Smt. Monica Oswal Executive Director | 91.84 | -5.35 | 61.95 |
| 5. | Sh. Rishabh Oswal Executive Director | 69.78 | @ | 30.91 |
| 6. | Sh. Dinesh Gogna Non Executive Director | 1.25 | \$ | 0.84 |
| 7. | Sh. Paurush Roy Independent Director | Nil* | N.A | N.A |
| 8. | Dr. Yash Paul Sachdeva Independent Director | Nil** | N.A | N.A |
| 9. | Sh. Ajit Singh Chatha Independent Director | 0.75 | \$ | 0.51 |
| 10. | Dr. Suresh Kumar Singla Independent Director | 0.75 | \$ | 0.51 |
| 11. | Dr. Manisha Gupta Independent Director | 1.00 | \$ | 0.67 |
| 12. | Dr. Amrik Singh Sohi Independent Director | 1.00 | \$ | 0.67 |
| 13. | Sh. Alok Kumar Misra Independent Director | 1.00 | \$ | 0.67 |
| 14. | Sh. Raj Kapoor Sharma Chief Financial Officer | 17.20 | @ | 11.60 |
| 15. | Sh. Sahil Jain Company Secretary | 8.65 | 6.61 | 5.84 |

* Details not given as no remuneration and sitting fees was paid to Sh. Jawahar Lal Oswal and Sh. Paurush Roy respectively.

*** Details not given as Sh. Yash Paul Sachdeva did not receive any sitting fee for Financial Year 2018-19.

\$ Details not given as the sitting fees has remained constant at ` 25,000/- per Board Meeting.

@ Not Applicable as both Sh. Rishabh Oswal & Sh. Raj Kapoor Sharma were appointed during the year.

- The median remuneration of employees of the Company during the financial year was at ` 1.48 Lakhs.
- In the financial year, there was an increase of 12.31% in the median remuneration of employees.
- There were 1,727 permanent employees on the rolls of Company as on March 31, 2019.
- Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2018-19 was 9.92% whereas increase in the managerial remuneration for the same financial year was 4.19% (Remuneration given to CFO is not considered while calculating the average so as to make it comparable with the previous Financial Year).
- It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

STATEMENT OF PARTICULARS OF EMPLOYEES UNDER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2019.

A. DETAILS OF THE PERSONS EMPLOYED THROUGHOUT THE YEAR, WHO WERE IN RECEIPT OF REMUNERATION WHICH IN AGGREGATE WAS NOT LESS THAN ₹ 102 LAKHS PER ANNUM AND ₹ 8.50 LAKHS PER MONTH IS AS FOLLOWS:-

| Name of Employees | Age in years | Designation | Qualification | Nature of Employment | Experience in Years | Date of Commencement of Employment | Remuneration (in ₹) | Last Employment Held |
|-------------------|--------------|--------------------|---------------|----------------------|---------------------|------------------------------------|---------------------|--------------------------|
| Sh. Sandeep Jain | 47 | Executive Director | Graduate | Full-time | 25 | 01.08.2012 | 1,88,27,368.00 | Oswal Woollen Mills Ltd. |

B. STATEMENT SHOWING NAMES OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN DURING THE YEAR IS AS FOLLOWS:-

| Name of Employee | Age in years | Designation | Qualification | Nature of Employment | Experience in Years | Date of Commencement of Employment | Remuneration (in ₹) | Last Employment Held |
|------------------------|--------------|----------------------|----------------------------|----------------------|---------------------|------------------------------------|---------------------|--|
| Sh. Sandeep Jain | 47 | Executive Director | Graduate | Full-time | 25 | 01.08.2012 | 1,88,27,368.00 | Oswal Woollen Mills Ltd. |
| Smt. Monica Oswal | 47 | Executive Director | Graduate | Full-time | 19 | 10.08.2011 | 91,83,865.52 | Oswal Woollen Mills Ltd. |
| Smt. Ruchika Oswal | 47 | Executive Director | Graduate | Full-time | 19 | 10.08.2011 | 90,54,456.33 | Oswal Woollen Mills Ltd. |
| Sh. Rishabh Oswal* | 27 | Executive Director | B.A.(Hons.), Executive MBA | Full-time | 6 | 01.01.2015 | 69,77,822.00 | Cotton County Retail Ltd. |
| Sh. Sumit Agrawal | 41 | Vice President | Graduate | Full-time | 21 | 20.12.2015 | 25,27,366.00 | Creative Line International Private Ltd. |
| Sh. Manish Chopra | 41 | V.P. Merchandising | Graduate | Full-time | 21 | 01.04.2011 | 22,90,224.00 | Oswal Woollen Mills Ltd. |
| Sh. Vikas Jain | 42 | V.P. Merchandising | Graduate | Full-time | 19 | 01.04.2011 | 21,11,484.00 | Oswal Woollen Mills Ltd. |
| Sh. Ashish Madan | 40 | Vice President (LFS) | Graduate | Full-time | 21 | 23.07.2014 | 20,21,727.00 | Aureole Inspects Pvt.Ltd |
| Sh. Alok Jain | 47 | Vice President | B.Com (Hons.), MBA | Full-time | 27 | 04.02.2013 | 20,03,572.00 | Duke Fashions (India) Ltd. |
| Sh. Devinderjeet Singh | 45 | V.P. Operations | M.Sc. (Hons.) | Full-time | 20 | 01.04.2011 | 19,08,444.00 | Oswal Woollen Mills Ltd. |

*Sh. Rishabh Oswal, President- Commercial Dept. of the Company was designated as Executive Director by the members of the company in the 10th Annual General meeting.

NOTES :

1. Sh. Sandeep Jain is spouse of Smt. Ruchika Oswal and Smt. Ruchika Oswal and Smt. Monica Oswal are daughters of Sh. Jawahar Lal Oswal, and Sh. Rishabh Oswal is the grandson of Sh. Jawahar Lal Oswal.
2. Except as stated in Note No. 1, none of the other above mentioned persons are related to any Director and Key Managerial Personnel of the Company.
3. The remuneration as shown above includes, inter-alia, House Rent Allowance, Company's contribution to Provident Fund, incentives and other perquisites as per the Company's policy.
4. None of the employee has drawn in excess of remuneration drawn by MD/ WTD and holds alongwith spouse and dependent children not less than 2% of the Equity Shares of the Company as on March 31, 2019

Place: Ludhiana
Date : 05.08.2019

Jawahar Lal Oswal
Chairman of the CSR Committee/
Chairman & Managing Director
(DIN: 00463866)

ANNEXURE-E TO THE DIRECTORS' REPORT

Information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014.

A. CONSERVATION OF ENERGY**(i) The steps taken or impact on conservation of energy;**

- The Company has replaced the previous air cooled ac system with the water cooled chiller plant which is 15% to 20% more efficient as compared to old one.
- Installation of energy efficient LED lights by replacing all conventional lights.

(ii) The steps taken by the company for utilizing alternative source of energy;

In addition to the existing installed at the Registered Office, the Company has installed 100 kw solar plant at company's unit Situated at Miller Ganj, Ludhiana..

(iii) The capital investment on energy conservation equipment;

Nil

B. TECHNOLOGY ABSORPTION:**(i) The efforts made towards technology absorption;**

The Company is already a pioneer in its line of trade and is always in the lookout for the latest technology around or abroad, and where suitable, adopts the best technology.

(ii) The benefits derived as result of the above efforts:

It has helped the Company tremendously in development of new products, and keeping its leading position in the market.

(iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year) following information may be furnished:

The company has not imported technology in the sense required under sub column 3 of the form in as much as it has not sought nor received any import license or foreign exchange for the import of technology alone.

(iv) The expenditure incurred on Research & Development

Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows is as follows.

(Amount in `)

| | 2017-2018 | 2016-2017 |
|--|------------------|------------------|
| i) Total Foreign Exchange outgo | 343,983,543.81 | 210,387,681.53 |
| ii) Total Foreign Exchange earned | Nil | Nil |

For and on behalf of Board of Directors

Place: Ludhiana
Date : 05.08.2019

Jawahar Lal Oswal
Chairman & Managing Director
(DIN: 00463866)

REPORT ON CORPORATE GOVERNANCE

[In terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')]

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2019, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE REPORT

Corporate Governance is a reflection of the principles embedded in its values, policies and day-to-day business practices, leading to sustainable and value-driven growth for the Company. Monte Carlo Fashions Limited (MCFL) is committed to maintain the highest standards of corporate governance, disclosure practices, professionalism, transparency and accountability in all its dealings which leads to increased operational efficiencies and growth as well as enhancing investor confidence. Beyond mere compliance we are committed towards taking initiative to enhance investor's wealth in the long run. This is reflected in the well balanced and independent structure of Company's eminent and well represented Board of Directors. The Company considers it absolutely essential to abide by the laws and regulations of the land in letter and spirit and is committed to the highest standards of corporate governance and be considered as a good corporate citizen of the Country. Our Corporate Governance framework ensures that we make timely disclosures and share accurate information regarding our financials, performance and operations of the Company.

CODE OF BUSINESS CONDUCT & ETHICS

The Company has adopted a Code of Conduct and Business Ethics for Directors and Senior Management of the Company, as required under Regulation 17(5)(a) of the Listing Regulations. The Company has received confirmations from the Directors and Senior Management regarding compliance with the Code for the year ended 31st March, 2019. A certificate from the Managing Director to this effect is attached to this Report. The Code has been displayed on the Company's website www.montecarlocorporate.com

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

As required by the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amended as per SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company has adopted a Code of Conduct for Prevention of Insider Trading. The Company Secretary acts as the Compliance Officer.

The Code of Conduct is applicable to Promoter(s), Director(s), Key Managerial Personnel, specified employees and other Connected Person of the Company who are expected to have access to Unpublished Price Sensitive Information (UPSI) relating to the Company. All of them have duty to safeguard the confidentiality of all such information obtained in the course of his or her work at the Company. These Codes are displayed on the website of the Company. The Directors and senior employees have given affirmation for the compliance under this code.

The Company is in compliance with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for Corporate governance.

1. BOARD OF DIRECTORS

The Company has a diversified Board, constituted in compliance with the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and in accordance with the best practices of Corporate Governance. The Board is entrusted with the ultimate responsibility of the management, directions and performance of the Company. The Company is managed by the Board of Directors in co-ordination with the Senior Management.

The Board of Directors meets at least once in every quarter and also as and when required.

During the year under review, the Board met on 5 (Five) occasions viz. May 25, 2018; July 30, 2018; November 13, 2018; November 30, 2018 and February 08, 2019. The maximum gap between any two Board meetings was less than one hundred and twenty days.

- A.** The following table describes the composition and category of each director on the Board, their status, their attendance at the Board Meetings and the last Annual General Meeting together with the details of number of other directorships and Committee Membership(s)/ Chairmanship(s) of each Director as at 31.03.2019:

| Name of the Director | Category of Director | No. of Board Meetings Attended | Attendance at AGM held on 27.09.2018 | No. of Directorship ¹ | No. of Committees ² in which Chairman / Member | |
|------------------------------------|---|--------------------------------|--------------------------------------|----------------------------------|---|---------------------|
| | | | | | Chairman | Member ³ |
| Sh. Jawahar Lal Oswal ⁴ | Promoter, Chairman & Managing Director | 5 of 5 | Present | 9 | - | - |
| Sh. Sandeep Jain ⁴ | Executive Director | 5 of 5 | Present | 3 | - | - |
| Smt. Ruchika Oswal ⁴ | Promoter, Executive Director | 3 of 5 | Not Present | 5 | - | - |
| Smt. Monica Oswal ⁴ | Promoter, Executive Director | 2 of 5 | Not Present | 6 | - | 2 |
| Sh. Rishabh Oswal ⁴ | Executive Director | 4 of 4 | Present | 4 | - | - |
| Sh. Dinesh Gogna | Non Executive, Non Independent Director | 5 of 5 | Present | 9 | 1 | 5 |
| Sh. Paurush Roy | Non Executive Independent Director | 5 of 5 | Not Present | 1 | - | - |
| Sh. Ajit Singh Chatha | Non Executive Independent Director | 3 of 5 | Not Present | 4 | - | 2 |
| Dr. Suresh Kumar Singla | Non Executive Independent Director | 3 of 5 | Present | 5 | 2 | 6 |
| Dr. Manisha Gupta | Non Executive Independent Director | 4 of 5 | Not Present | 4 | 1 | 2 |
| Dr. Amrik Singh Sohi | Non Executive Independent Director | 4 of 5 | Not Present | 4 | 1 | 3 |
| Sh. Alok Kumar Misra | Non Executive Independent Director | 4 of 5 | Not Present | 6 | 3 | 6 |

- The number of directorships excludes directorship of Monte Carlo Fashions Limited, Private Companies, Foreign Companies and Companies incorporated under Section 8 of the Companies Act, 2013.
- Chairmanship/ Membership of Committee only includes Audit Committee and Stakeholders Relationship Committee in Indian Public Limited Companies other than Monte Carlo Fashions Limited.
- Number of memberships in Committees are inclusive of Chairmanship.
- Smt. Ruchika Oswal and Smt. Monica Oswal are Daughters of Sh. Jawahar Lal Oswal, Sh. Sandeep Jain is related to Sh. Jawahar Lal Oswal being husband of Smt. Ruchika Oswal and Sh. Rishabh Oswal is grandson of Sh. Jawahar Lal Oswal.

Sh. Rishabh Oswal was appointed as Executive Director w.e.f. 01.06.2018 and Sh. Paurush Roy was taken note of being an Independent Director of the Company w.e.f. 25.05.2018 by the shareholders in their 10th Annual General meeting held on 27.09.2018. Also, Dr. Yash Paul Sachdeva resigned from directorship w.e.f. 25.05.2018.

- B.** The following table gives the names of the listed entities where the Directors of the Company are Directors and the Category of their respective directorship as on 31.03.2019:-

| Name of the Director | Name of the listed companies in which the Director of the Company is a Director | Category of Directorship in the listed companies |
|-----------------------|---|--|
| Sh. Jawahar Lal Oswal | Nahar Industrial Enterprises Limited | Non-Executive Director |
| | Nahar Poly Films Limited | Non-Executive Director |
| | Nahar Spinning Mills Limited | Non-Executive Director |
| | Nahar Capital & Financial Services Limited | Non-Executive Director |
| Smt. Ruchika Oswal | Kovalam Investment & Trading Company Limited | Non-Executive Director |
| Smt. Monica Oswal | Oswal Leasing Limited | Non-Executive Director |
| Sh. Dinesh Gogna | Nahar Industrial Enterprises Limited | Non-Executive Director |
| | Nahar Poly Films Limited | Non-Executive Director |
| | Nahar Spinning Mills Limited | Non-Executive Director |

| | | |
|-------------------------|--|------------------------|
| | Nahar Capital & Financial Services Limited | Non-Executive Director |
| | Oswal Leasing Limited | Non-Executive Director |
| Sh. Ajit Singh Chatha | J. Kumar Infraprojects Limited | Independent Director |
| | Indian Acrylics Limited | Independent Director |
| | Nahar Industrial Enterprises Limited | Independent Director |
| Dr. Suresh Kumar Singla | Nahar Industrial Enterprises Limited | Independent Director |
| | Nahar Poly Films Limited | Independent Director |
| | Nahar Spinning Mills Limited | Independent Director |
| | Nahar Capital & Financial Services Limited | Independent Director |
| Dr. Manisha Gupta | Nahar Poly Films Limited | Independent Director |
| | Nahar Spinning Mills Limited | Independent Director |
| | Nahar Capital & Financial Services Limited | Independent Director |
| Dr. Amrik Singh Sohi | Nahar Industrial Enterprises Limited | Independent Director |
| | Nahar Poly Films Limited | Independent Director |
| | Nahar Spinning Mills Limited | Independent Director |
| | Nahar Capital & Financial Services Limited | Independent Director |
| Sh. Alok Kumar Misra | IndiaBulls Ventures Limited | Independent Director |
| | Dewan Housing Finance Corporation Limited | Independent Director |
| | The Investment Trust of India Limited | Independent Director |

C. SHAREHOLDING DETAILS OF DIRECTORS AS ON 31.03.2019:

The detail of the Directors shareholding in the Company is given as follows:

| Name of Directors* | No. of Shares |
|-----------------------|---------------|
| Sh. Jawahar Lal Oswal | 111359 |
| Smt. Ruchika Oswal | 1050 |
| Smt. Monica Oswal | 1050 |
| Sh. Sandeep Jain | 344 |
| Sh. Rishabh Oswal | 70000 |
| Sh. Dinesh Gogna | 1000 |

*None of the other Executive / Non Executive/ Independent Directors holds any share of the Company.

D. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:

The Company on appointment of an Independent Director, issues a formal Letter of Appointment setting out the terms of appointment, duties and responsibilities. The Company in terms of Regulation 25(7) of Listing Regulations, has also put in place a system to familiarize the Independent Directors of their roles, rights, responsibilities, nature of industry in which the Company operates, business model of the Company and the ongoing events relating to the Company. It aims to provide the Independent Directors an insight into the Company's functioning and to help them to understand its business in depth, so as to enable them to contribute significantly during the deliberations at the Board and Committee meetings. The details of Familiarization Programme imparted to Independent Directors during the year can also be accessed from <http://www.montecarlocorporate.com/pdf/Familiarization-Program-FY18-19.pdf>

E. CORE SKILLS/EXPERTISE/COMPETENCIES OF THE BOARD MEMBERS

As required by Schedule V of the amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the list of core skills/ expertise/ competencies identified by the Board of Directors in the context of the Company's business and currently available with Board are:

| | |
|-----------------------|--|
| Business Dynamics | Understanding of business dynamics, across various markets, industry verticals and regulatory jurisdictions. |
| Strategy and Planning | Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments. |
| Governance | Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values |

F. INDEPENDENT DIRECTORS CONFIRMATION BY THE BOARD

All the Independent Directors (IDs) have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. The Board of Directors hereby confirms that in its opinion, the Independent Directors of the Company fulfill the conditions as specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations and are independent of the management.

G. RESIGNATION OF INDEPENDENT DIRECTOR

The shareholders of the Company at the Extra- Ordinary General Meeting held on 27.06.2014 had appointed Dr. Yashpal Sachdeva as an Independent Director for first term of 5 consecutive year's w.e.f. 01.04.2014. Dr. Sachdeva due to his personal engagements tendered his resignation as a Director of the Company with effect from 25.05.2018.

Dr. Sachdeva has also given confirmation to the Company that other than the reason mentioned above, there are no other material reasons for his resignation as an Independent Director of the Company. The Company had informed the same to Stock Exchanges.

H. DIRECTORS' DIRECTORSHIPS/COMMITTEE MEMBERSHIPS

The number of Directorships and Committee positions held by the Directors are in conformity with the limits laid down in the Companies Act, 2013 and Listing Regulations, as on 31st March, 2019. As per Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, none of the directors were a member in more than ten committees, nor a chairman in more than five committees across all companies

Further, As per Regulation 17A of the Listing Regulations, IDs of the Company do not serve as ID in more than seven listed companies. Further, the Managing Director of the Company does not serve as an ID in any listed entity.

I. BOARD MEETING PROCEDURES

The Board is presented with detailed notes, along with the agenda papers, well in advance of the meeting. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practical to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary items on the agenda are permitted. The required information as enumerated in Part A of Schedule II of the Listing Regulations are regularly made available to the Board of Directors for discussion and consideration at Board Meetings.

J. INFORMATION SUPPLIED TO THE BOARD

Regular presentations are made to the Board of Directors covering Business Operations, Finance, Sales, Accounts, Marketing, Compliances and other important business issues. The Annual Operating and Capital Budget(s) are approved by the Board of Directors. The Board spends considerable time in reviewing the actual performance of the Company vis-à-vis the approved budget.

2. COMMITTEES OF THE BOARD:

The Board of Directors has constituted various Committees of Board in accordance with the provisions of Companies Act, 2013 and the Listing Regulations to take informed decisions in the best interest of the Company. These Committees monitor the activities falling within their terms of reference. These Committees play an important role in overall management of day to day affairs and governance of the Company. Details on the role and composition of these committees, including the no. of meetings held during the financial year and attendance at meetings are provided below:

(A) Audit Committee:

The Audit Committee comprises of 6 (Six) members with the Chairman of the Committee being an Independent Director. During the year under review, the Audit Committee met on 4 (four) occasions viz. May 25, 2018; July 30, 2018; November 13, 2018 and February 08, 2019 to deliberate on various matters. Not more than 120 days lapsed between any two consecutive meetings of the Audit Committee during the year. The necessary quorum was present at all the Meetings. Further, the Audit Committee was reconstituted by the Board in its meeting held on 25.05.2018 pursuant to the resignation of Dr. Yash Paul Sachdeva from the directorship.

The composition of the Audit Committee as at 31.03.2019 and particulars of meetings attended by the members during the financial year 2018-19 are given hereunder:

| Sr. No. | Name of the Director | Position | Category | No. of Meetings attended |
|---------|-------------------------|----------|---------------------------|--------------------------|
| 1. | Dr. Suresh Kumar Singla | Chairman | Non-Executive Independent | 2 |
| 2. | Sh. Paurush Roy | Member | Non-Executive Independent | 4 |
| 3. | Sh. Dinesh Gogna | Member | Non-Executive | 4 |
| 4. | Dr. Manisha Gupta | Member | Non-Executive Independent | 3 |
| 5. | Dr. Alok Kumar Misra | Member | Non-Executive Independent | 4 |

All the members of the Audit Committee have the requisite qualifications for appointment on the Committee and possess sound knowledge of accounting practices, taxation, financial and Internal controls.

The head of Finance department, the representative(s) of Internal Auditors and the Statutory Auditors are permanent invitees in the meetings of the Committee and they have attended all the Audit committee meetings held during the year where the financial results are considered. The Company Secretary acts as the Secretary of the Committee.

The Chairman of the Audit committee was present at the last Annual General Meeting of the Company held on September 27, 2018 for addressing shareholders queries.

Terms of Reference

The terms of reference of the Audit Committee are in line with Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013 and rules made thereunder. The brief description of the terms of reference of the Committee is described below:

Power of the Audit Committee:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of the Audit Committee

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions; and
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. Looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. Reviewing the functioning of the Whistle Blower Policy / Vigil Mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(B) Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of 4 (Four) members (all are Non Executive Directors) and the Chairman of the Committee is an Independent Director. During the year under review, the Committee met three times on May 25, 2018; July 30, 2018 and February 08, 2019. The necessary quorum was present at the meeting. The Company Secretary acts as the Secretary of the Committee. Dr. Suresh Kumar Singla, Chairman of the Audit Committee and Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company for addressing shareholders queries.

The composition of the Nomination and Remuneration Committee as at 31.03.2019 and particulars of meetings attended by the members are given below:

| Sr. No. | Name of the Director | Position | Category | No. of Meetings attended |
|---------|-------------------------|----------|---------------------------|--------------------------|
| 1. | Dr. Suresh Kumar Singla | Chairman | Non-Executive Independent | 1 |
| 2. | Sh. Dinesh Gogna | Member | Non-Executive | 3 |
| 3. | Sh. Paurush Roy | Member | Non-Executive Independent | 3 |

Terms of Reference:

The terms of reference of the Nomination and Remuneration Committee are in line with Regulation 19 of the Listing Regulations and Section 178 of the Companies Act, 2013 and rules made thereunder. The brief description of the terms of reference of the Committee is described below:-

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of independent directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

PERFORMANCE EVALUATION:

In compliance with the requirements of the provisions of Section 178 of the Companies Act, 2013 and the listing regulations, the Company has devised a policy for performance evaluation of Independent Directors, Board, Committees and other Directors which includes criteria for performance evaluation of the non- executive directors and executive directors. The evaluation of the Independent Directors was carried out by the Board excluding the director being evaluated and that of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The exercise was carried out through a structured evaluation process covering various aspects of the Board's functioning such as

composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc. The performance was reviewed on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. The Directors express their satisfaction over the entire evaluation process.

REMUNERATION TO DIRECTORS:

The remuneration paid to Executive Directors is determined by the Nomination and Remuneration Committee subject to approval of Board that is subject to the limits laid down under Section 197 and Schedule V of the Companies Act, 2013 and in accordance with the terms of Appointment approved by the shareholders of the Company. The Non-Executive Directors have not been paid any remuneration except sitting fees for attending the Board Meetings. The details of remuneration paid to Directors during the Financial Year ended March 31, 2019 are as follows:

(Amount in `)

| Name of the Director | Salaries, perquisites and Allowances | Commission | Sitting fees | Total |
|-------------------------|--------------------------------------|------------|--------------|---------------|
| Sh. Jawahar Lal Oswal* | - | - | - | NIL |
| Sh. Sandeep Jain | 18,827,368.00 | - | - | 18,827,368.00 |
| Smt. Ruchika Oswal | 9,054,456.33 | - | - | 9,054,456.33 |
| Smt. Monica Oswal | 9,183,865.52 | - | - | 9,183,865.52 |
| Sh. Rishabh Oswal | 6,977,822.00 | - | - | 6,977,822.00 |
| Sh. Dinesh Gogna | - | - | 125,000.00 | 125,000.00 |
| Sh. Paurush Roy* | - | - | - | NIL |
| Sh. Ajit Singh Chatha | - | - | 75,000.00 | 75,000.00 |
| Dr. Suresh Kumar Singla | - | - | 75,000.00 | 75,000.00 |
| Dr. Yash Paul Sachdeva | - | - | - | NIL |
| Dr. Manisha Gupta | - | - | 100,000.00 | 100,000.00 |
| Dr. Amrik Singh Sohi | - | - | 100,000.00 | 100,000.00 |
| Sh. Alok Kumar Misra | - | - | 100,000.00 | 100,000.00 |

*No remuneration/sitting fee was paid to Sh. Jawahar Lal Oswal and Sh. Paurush Roy.

Note: Dr. Yash Paul Sachdeva had resigned from the directorship w.e.f. 25.05.2018.

DIRECTORS WITH PECUNIARY RELATIONSHIP OR BUSINESS TRANSACTION WITH THE COMPANY:

The Executive Directors receive Salary, Perquisites, Allowances and other benefits in accordance with their terms of appointment, while all the Non-Executive Directors/ Independent Directors receive Sitting Fees for attending the Board Meetings. It is also to be noted that the transactions with other entities where Chairman & Managing Director/ Executive Directors are interested are being carried out by the Company in its ordinary course of business and on arm's length basis, in compliance with the laws applicable thereto.

CRITERIA FOR MAKING PAYMENTS TO DIRECTORS AND KEY MANAGERIAL PERSONNEL:

As per the Nomination & Remuneration Policy of the Company, the Board, on the recommendation of the Nomination and Remuneration Committee, reviews and approves the remuneration payable to the Executive Directors and Key Managerial Personnel. The Board and the Committee considers the provisions of the Companies Act, 2013, the limits approved by the shareholders and the individual and corporate performance in recommending and approving the remuneration of the Executive Directors and Key Managerial Personnel. Further, the Chairman & Managing Director of the Company is authorized to decide the remuneration of KMP (other than Managing / Executive Director) and Senior Management based on prevailing HR policies of the Company.

The remuneration / sitting fees, as the case may be paid to the Non-Executive / Independent Director, shall be in accordance with the provisions of the Act and the Rules made there under for the time being in force or as may be decided by the Committee / Board / Shareholders.

(C) Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of 4 (Four) members and the Chairman of the Committee is Sh. Dinesh Gogna, Non Executive Director of the Company. During the year under review, Committee met on 4 (Four) occasions viz. May 25, 2018; July 30, 2018; November 13, 2018 and February 08, 2019. The necessary quorum was present at all the meetings. The Company Secretary of the Company acts as the Secretary of the Committee.

The Committee looks into various queries / issues relating to shareholders / investors including non-receipt of dividend, Annual Report etc. As on 31st March, 2019, Mr. Sahil Jain, Company Secretary is the Compliance Officer of the Company. Consequent to his resignation w.e.f. 04.04.2019, Mr. Ankur Gauba was appointed as Company Secretary & Compliance Officer of the Company.

The table below highlights the composition and attendance of the Members of the Committee as on March 31, 2019:

| Sr. No. | Name of the Director | Position | Category | No. of Meetings attended |
|---------|----------------------|----------|---------------------------|--------------------------|
| 1. | Sh. Dinesh Gogna | Chairman | Non-Executive | 4 |
| 2. | Sh. Sandeep Jain | Member | Executive | 4 |
| 3. | Sh. Paurush Roy | Member | Non-Executive Independent | 4 |

Terms of Reference

The Stakeholders Relationship Committee shall be responsible for, among other things, as may be required by the stock exchanges from time to time, the following:

- Consideration and redressal of grievances of the security holders of the Company, including complaints in respect of transfer of shares, non-receipt of declared dividends, balance sheets of the Company, etc.;
- Approval of transfer or transmission of equity shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.; and
- Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

Details of Shareholder's complaints Received, Solved and Pending:

There were 0 Complaints/ Queries pending as at 31.03.2019 and during the financial year 2018-19, 2 Complaints/ Queries were received and all were disposed off to the satisfaction of the Shareholders. No complaints remained unattended/ pending for more than thirty days. The Company has no share transfers/transmission pending as on 31st March, 2019. Further, no shareholders complaint/ grievance were received under 'SCORES' during the Financial Year 2018-19.

(D) Corporate Social Responsibility Committee:

The Board has constituted Corporate Social Responsibility (CSR) Committee in compliance with the provisions of Section 135 of the Companies Act 2013, comprising Sh. Jawahar Lal Oswal as Chairman, Sh. Dinesh Gogna and Dr. Suresh Kumar Singla as members. The Committee met twice during the year viz., May 24, 2018 and July 25, 2018 and all the members of the Committee were present on both the occasions.

Terms of Reference:

The Board has clearly defined terms of reference for the Corporate Social Responsibility (CSR) Committee, which are as follows:

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per Schedule VII of Companies Act, 2013 (as amended);
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- To monitor the CSR policy of the Company from time to time;
- Any other matter as the CSR Committee may deem subject to the approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

(E) Share Transfer Committee:

Share Transfer Committee has been constituted to expedite and streamline the process of transfer /transmission/ dematerialization/ re-materialization etc. of the Equity Shares of the Company. The Committee comprises of Sh. Jawahar Lal Oswal as Chairman, Sh. Sandeep Jain and Sh. Dinesh Gogna as members. During the year under review, committee met on 5 (five) occasions viz. May 03, 2018; October 30, 2018; February 02, 2019; February 22, 2019 and March 30, 2019.

Terms of Reference

- To approve/register transfer or transmission of shares;
- Dematerialization / Rematerialization of shares;
- Issue of duplicate/split/consolidated share certificates;
- Review of cases for refusal of transfer/transmission of shares;
- To affix or authorize affixation of Common Seal of the Company to the share certificates of the Company;

- To issue share certificates in place of those which are damaged or in which the pages are completely exhausted provided the original certificates are surrendered to the company;
- Any other power specifically assigned by the Board of Directors of the Company from time to time by way of resolution passed by it in a duly conducted Meeting.

The table below highlights the composition and attendance of the Members of the Committee as on March 31, 2019

| Sr. No. | Name of the Director | Position | Category | No. of Meetings attended |
|---------|-----------------------|----------|------------------------------|--------------------------|
| 1. | Sh. Jawahar Lal Oswal | Chairman | Chairman & Managing Director | 5 |
| 2. | Sh. Sandeep Jain | Member | Executive Director | 5 |
| 3. | Sh. Dinesh Gogna | Member | Non-Executive Director | 5 |

(F) Independent Directors' Meeting

During the year under review, a separate meeting of Independent Directors was held on February 08, 2019, interalia:-

- To review the performance of Non-Independent directors and the Board as a whole;
- To review the performance of the Chairperson of the Company, and;
- To assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present at the meeting.

3. SUBSIDIARY COMPANIES

There is no material subsidiary of the Company and hence requirements relating to composition of Board of Directors of unlisted material subsidiary do not apply to the Company.

4. GENERAL BODY MEETINGS:

A. THE DETAILS OF THE LAST THREE ANNUAL GENERAL MEETING(S) OF THE COMPANY ARE GIVEN AS FOLLOWS:

| Year | Day and Date | Time | Venue | No. of Special Resolutions |
|-----------|--|------------|--|----------------------------|
| 2017-2018 | Thursday, 27 th September, 2018 | 11.00 A.M. | Registered Office of the Company situated at B-XXIX-106, G. T. Road, Sherpur, Ludhiana-141003. | 1 |
| 2016-2017 | Friday, 29 th September, 2017 | 11.00 A.M. | Registered Office of the Company situated at B-XXIX-106, G. T. Road, Sherpur, Ludhiana-141003. | 1 |
| 2015-2016 | Thursday, 29 th September, 2016 | 11.00 A.M. | Registered Office of the Company situated at B-XXIX-106, G. T. Road, Sherpur, Ludhiana-141003. | 3 |

B. POSTAL BALLOT/EXTRA-ORDINARY GENERAL MEETING

During the year under review, one postal ballot was conducted by the Company as per provisions of Section 110 of the Act. Shri P. S. Dua of M/s P.S. Dua & Associates (C.P. 3934), Practicing Company Secretary was appointed as Scrutinizer for conducting postal ballot in a fair and transparent manner and to compile the results of the voting of these resolutions.

All the Resolutions were approved with the requisite majority. The details of results of Postal Ballot are as under:

| Sr No. | Date of Result of Postal Ballot | Particulars of Resolution | Type of Resolution | Details of Voting pattern | |
|--------|---------------------------------|--|--------------------|------------------------------------|----------------------------------|
| | | | | Votes Cast in favour (No. and (%)) | Votes Cast Against (No. and (%)) |
| 1. | 08.02.2019 | To Approve Buy-Back of Equity Shares | Special Resolution | 2405875 (99.99%) | 266 (0.01%) |
| 2. | 08.02.2019 | To Transfer the Special Reserve to General Reserve | Special Resolution | 2405279 (99.99%) | 226 (0.01%) |

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of a Special Resolution through Postal Ballot.

Procedure followed for Postal Ballot

The Company followed the procedure as prescribed under the Companies (Management and Administration), Rules, 2014 as amended and the Secretarial Standard 2 issued by ICSI.

To pass above resolutions by way of postal ballot, the Company sent notice to all the shareholders, along with a draft resolution(s) explaining the reasons thereof and requested them to cast their votes through electronic voting (e-voting) or through postal ballot. The notices were sent through permitted means.

The advertisements were published about dispatch of ballot papers specifying date of dispatch in a vernacular newspaper and one English newspaper. The notice was also placed on the website of the Company. The Board of Directors appointed Shri Pritpal Singh Dua of M/s P.S. Dua & Associates (C.P. 3934), Practicing Company Secretary as Scrutinizer to conduct the postal ballot, voting process in a fair and transparent manner.

The Scrutinizer submitted the report as per the Calendar of Events and maintained the register, recording the assent or dissent received, mentioning the particulars of name, address, folio no, number of shares, nominal value of shares and record of postal ballot.

The aforesaid voting results was declared along with the Scrutinizer's Report by placing it on website of the Company www.montecarlocorporate.com, BSE & NSE and CDSL

5. MEANS OF COMMUNICATION:

- (a) The Un-audited quarterly/ half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within sixty days from the closure of the financial year as per the requirement of the Listing Regulations
- (b) The approved financial results are sent to the Stock Exchanges forthwith and published in 'Business Standard (English newspaper), Desh Sewak/ Punjabi Jagran (local language Punjabi newspaper), within forty-eight hours of approval thereof.
- (c) The Company's financial results and official press releases are displayed on the Company's Website i.e www.montecarlocorporate.com
- (d) Investor Presentations, Official Press Releases and other general information are sent to the Stock Exchange(s) and are also displayed on the Company's website www.montecarlocorporate.com
- (e) Management Discussion and Analysis report forms part of the Annual Report, which is sent to the shareholders of the Company
- (f) The quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the Stock Exchanges viz. BSE Limited and National Stock Exchange of India Limited are filed electronically. The Company has complied with filing submissions through BSE's BSE Listing Centre. Likewise, the said information is also filed electronically with NSE through NSE's NEAPS portal.
- (g) A separate dedicated section under "Investors Relation", on the Company's website gives information on unclaimed dividends, shareholding pattern, quarterly / half yearly results and other relevant information of interest to the investors / public
- (h) SEBI processes investor complaints in a centralised web-based complaints redressal system i.e. SCORES. Through this system a shareholder can lodge a complaint against the Company for redressal of his grievance. The Company uploads the action taken report on the complaint which can be viewed by the shareholder. The Company and shareholder can seek and provide clarifications online through SEBI.
- (i) The Company has designated an exclusive email-id for investor services i.e investor@montecarlocorporate.com and the same is prominently displayed on the Company's website i.e. www.montecarlocorporate.com

6. GENERAL SHAREHOLDER INFORMATION

| | |
|---|--|
| Date & Day of 11 th Annual General Meeting | : Friday, 27 th Day of September, 2019 |
| Financial Year | : 2018-19 |
| Venue & Time | : B-XXIX-106, G.T. Road, Sherpur, Ludhiana-141003 at 11:00 A.M. |
| Date of Book Closure | : September 21, 2019 to September 27, 2019 |
| Listing on Stock Exchanges | : The Equity Shares of the Company are listed on the following Stock Exchanges:- |

BSE Limited (BSE)

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

National Stock Exchange of India Limited (NSE)

Exchange Plaza, Bandra – Kurla Complex,
Bandra (E), Mumbai - 400 051.

ISIN : IN950M01013
Stock Code/Symbol : BSE- 538836
NSE- MONTECARLO

Listing Fee / Annual Custody Fee:

The Annual Listing Fee has been paid to BSE and NSE for the financial year 2019-2020. The Company has also made the payment of Annual Custody fee to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the financial year 2019-20.

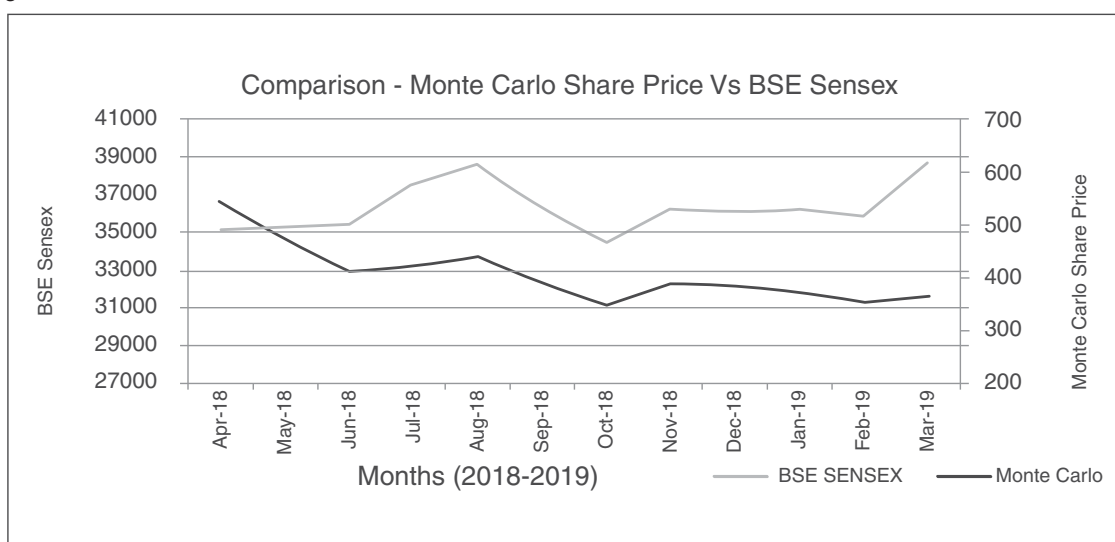
Market Price Data:

Market Price Data of Company's Equity Shares traded on BSE Limited, during the period April 2018 to March 2019:

| Month | Share Price BSE | | | Volume No. of Shares | BSE SENSEX | | |
|------------|-----------------|--------|-------------|-------------------------|------------|-----------|-------------|
| | High(₹) | Low(₹) | Closing (₹) | | High(₹) | Low(₹) | Closing (₹) |
| April 2018 | 569.00 | 468.00 | 539.10 | 54,657 | 35,213.30 | 32,972.56 | 35,160.36 |
| May 2018 | 544.80 | 469.90 | 472.15 | 26,718 | 35,993.53 | 34,302.89 | 35,322.38 |
| June 2018 | 475.00 | 400.05 | 414.35 | 10,814 | 35,877.41 | 34,784.68 | 35,423.48 |
| July 2018 | 444.80 | 384.00 | 421.65 | 25,400 | 37,644.9 | 35,106.57 | 37,606.58 |
| Aug 2018 | 454.00 | 414.25 | 439.55 | 37,366 | 38,989.65 | 37,128.99 | 38,645.07 |
| Sep 2018 | 448.00 | 386.60 | 390.75 | 13,827 | 38,934.35 | 35,985.63 | 36,227.14 |
| Oct 2018 | 394.00 | 328.10 | 347.35 | 68,367 | 36,616.64 | 33,291.58 | 34,442.05 |
| Nov 2018 | 393.00 | 340.00 | 388.05 | 2,05,409 | 36,389.22 | 34,303.38 | 36,194.30 |
| Dec 2018 | 390.00 | 370.05 | 383.30 | 72,024 | 36,554.99 | 34,426.29 | 36,068.33 |
| Jan 2019 | 389.25 | 362.00 | 373.55 | 36,362 | 36,701.03 | 35,375.51 | 36,256.69 |
| Feb 2019 | 395.00 | 339.10 | 353.00 | 67,372 | 37,172.18 | 35,287.16 | 35,867.44 |
| Mar 2019 | 380.95 | 355.00 | 364.65 | 25,147 | 38,748.54 | 35,926.94 | 38,672.91 |

(Market Price Data Source: www.bseindia.com)

Graphical Representation of the Company's share price in comparison to the broad-based Indices i.e. BSE- Sensex is given below:

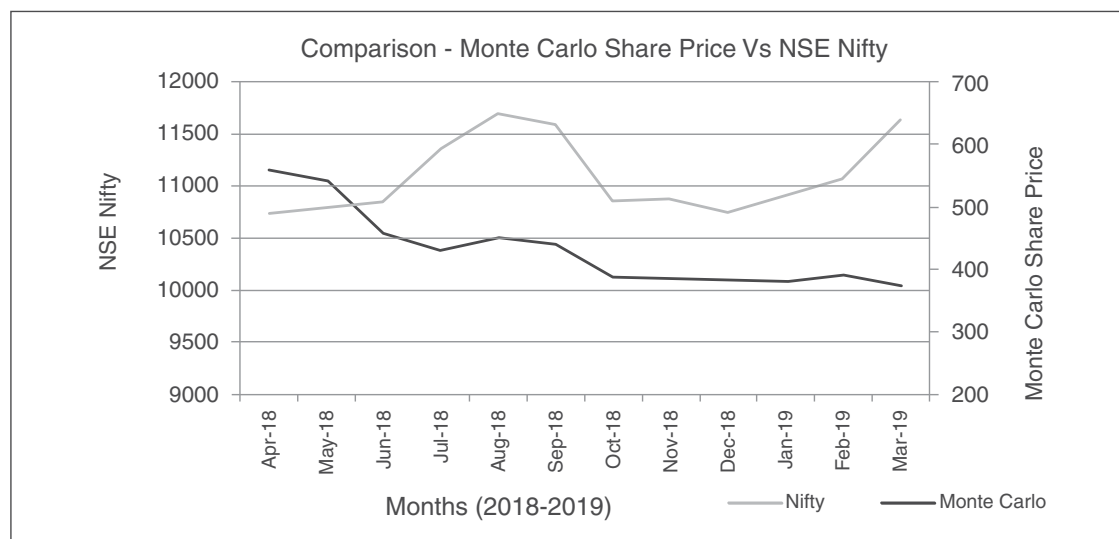


Market Price Data of Company's Equity Shares traded on National Stock Exchange of India Limited, during the period April, 2018 to March, 2019:

| | Share Price NSE | | | Volume | NSE NIFTY | | |
|------------|-----------------|--------|-------------|---------------|-----------|-----------|-------------|
| Month | High(`) | Low(`) | Closing (`) | No. of Shares | High(`) | Low(`) | Closing (`) |
| April 2018 | 571.45 | 540.45 | 557.95 | 4,39,603 | 10,759.00 | 10,704.60 | 10,739.35 |
| May 2018 | 549.05 | 538.00 | 541.35 | 4,81,195 | 10,834.85 | 10,774.75 | 10,806.60 |
| June 2018 | 489.00 | 454.00 | 457.10 | 1,46,900 | 10,893.25 | 10,842.65 | 10,856.70 |
| July 2018 | 445.00 | 431.80 | 432.15 | 1,81,869 | 11,366.00 | 11,267.75 | 11,356.50 |
| Aug 2018 | 453.65 | 437.30 | 452.15 | 3,66,599 | 11,753.20 | 11,678.85 | 11,691.90 |
| Sep 2018 | 449.00 | 437.05 | 439.85 | 2,74,798 | 11,751.80 | 11,567.40 | 11,582.35 |
| Oct 2018 | 405.00 | 375.90 | 388.90 | 4,00,853 | 10,989.05 | 10,843.75 | 10,858.25 |
| Nov 2018 | 393.50 | 383.00 | 387.05 | 17,54,031 | 10,922.45 | 10,835.10 | 10,876.75 |
| Dec 2018 | 388.50 | 378.00 | 384.30 | 6,76,885 | 10,963.65 | 10,738.65 | 10,754.00 |
| Jan 2019 | 387.80 | 379.00 | 381.20 | 3,13,142 | 10,949.80 | 10,864.15 | 10,922.75 |
| Feb 2019 | 396.00 | 378.40 | 390.05 | 10,19,985 | 11,118.10 | 11,043.60 | 11,069.40 |
| Mar 2019 | 378.90 | 371.75 | 374.90 | 3,30,632 | 11,630.35 | 11,570.15 | 11,623.90 |

(Market Price Data Source: www.nseindia.com)

Graphical Representation of the Company's share price in comparison to the broad-based Indices i.e. NSE- Nifty is given below:



Registrar & Share Transfer Agent:

LINK INTIME INDIA PRIVATE LIMITED (DELHI OFFICE)

UNIT: MONTE CARLO FASHIONS LIMITED

Noble Heights, 1st floor, Plot No NH-2, C-1 Block, LSC, Near Savitri Market, Janakpuri,
New Delhi – 110058, PH: 011-41410592 Fax: 011-41410591, Email: delhi@linkintime.co.in

Share Transfer System:

Share Transfer Committee has been constituted to approve all the transfers, transmission, Demat/ remat of shares etc. and all the share transfer/transmission/transposition/ dematerialization/ re-materialization are handled by our Registrar and Transfer Agents i.e. Link Intime India Private Limited. During the year under review, all the requests received for transfer/ transmission/ dematerialization/ re-materialization of shares etc. are processed and completed within the stipulated time.

The Company also obtains a Certificate of Compliance with the share transfer formalities from a Practicing Company Secretary as required under Regulation 40(9) of Listing Regulations (erstwhile Clause 47 (c) of the Listing Agreement) and have submitted a copy of the said certificate with the Stock Exchanges on half yearly basis.

***Distribution of Shareholding as on March 31, 2019:**

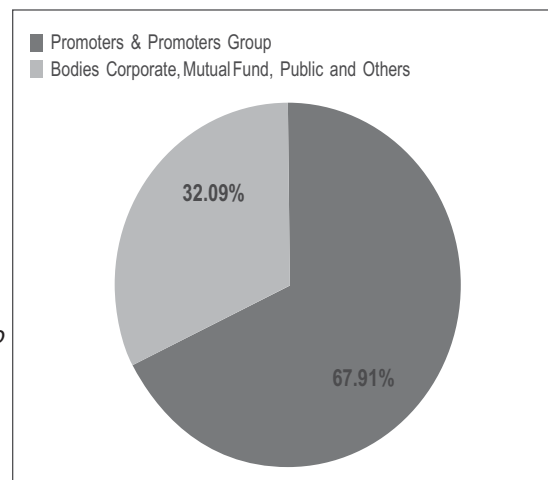
| S. No. | Distribution of No. of Shares | No. of Shareholders | % age of No. of Shareholders | No. of Shares held | % age of shares held |
|--------|-------------------------------|---------------------|------------------------------|--------------------|----------------------|
| 1. | 1-1000 | 38290 | 98.98 | 2354213 | 11.35 |
| 2. | 1001-5000 | 305 | 0.78 | 586775 | 2.83 |
| 3. | 5001-10000 | 41 | 0.22 | 253414 | 1.22 |
| 4. | 10001 & Above | 48 | 0.12 | 17509955 | 84.45 |
| | Total | 38684 | 100.00 | 20732064 | 100.00 |

**After the extinguishment of 10,00,000 equity shares pursuant to buy-back.*

***Shareholding pattern as on 31.03.2019:**

| Category | No. of Shares | % age |
|--|---------------|-------|
| Promoters & Promoters Group | 14078979 | 67.91 |
| Bodies Corporate, Mutual Fund, Public and Others | 6653085 | 32.09 |

**After the extinguishment of 10,00,000 equity shares pursuant to buy-back.*

**Dematerialization of Equity Shares and Liquidity:**

About 99.97% of the total equity share capital of the Company (20,725,181 Equity Shares) were held in dematerialised form after the extinguishment of 10,00,000 equity shares pursuant to buy-back of equity shares. The Company has entered into agreements with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of shares through Link Intime India Private Limited, Registrar & Transfer Agent (RTA) of the Company. The Company's shares are liquid and actively traded on both the Stock Exchanges i.e. NSE and BSE.

Credit Ratings and any revisions thereto for debt instruments or any fixed deposit programme or any scheme or proposal involving mobilization of funds, whether in India or abroad:

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds in India or abroad during the financial year ended 31st March, 2019. The ratings given by ICRA Limited for short-term borrowings is (ICRA) A1+ (pronounced ICRA A one plus) and long-term borrowings of the Company is (ICRA) AA- (pronounced double A minus) respectively. There was no revision in the said ratings during the year under review.

Reconciliation of Share Capital Audit:

As stipulated by SEBI under Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996, a Company Secretary in whole time practice carries out Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges where the Company's Shares are listed. The audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

Outstanding GDR/ADR/Warrants or any convertible instruments, conversion instruments, conversion date and impact on equity: NIL**Plant Locations:**

The manufacturing plants of the company located at:

1. B-XXIX-106, G.T.Road, Sherpur-Ludhiana

2. 231, Industrial Area-A-Ludhiana
3. Plot No-425 & 427, Near Textile Colony-Ludhiana
4. G.T. Road, Millerganj, -Ludhiana

Address for Correspondence:

| Company | Link Intime India Private Limited (RTA) |
|---|---|
| The Company Secretary Monte Carlo Fashions Limited B-XXIX-106, G. T. Road, Sherpur, Ludhiana-141003 Tel-0161-5066628 Fax-0161-2542509 Email- investor@montecarlocorporate.com Website: www.montecarlocorporate.com | DELHI OFFICE: UNIT: MONTE CARLO FASHIONS LIMITED Noble Heights, 1st floor, Plot No NH-2, C-1 Block, LSC, Near Savitri Market, Janakpuri, New Delhi – 110058 Email: delhi@linkintime.co.in PH: 011-41410592 Fax: 011-41410591 Email: delhi@linkintime.co.in |

The Company has maintained an exclusive email id: investor@montecarlocorporate.com which is designated for investor correspondence for the purpose of registering any complaints / queries and the same have been displayed on the Company's website: www.montecarlocorporate.com.

For any assistance regarding Share Transfer(s), Transmission(s), Change of Address, issue of Duplicates/ Lost share certificate(s)/Dematerialisation/ Rematerialisation of Share(s) and other relevant matters please write to the Registrar and Transfer Agent (RTA) of the Company.

Further, Members are required to note that, in respect of shares held in dematerialized form, they will have to correspond with their respective Depository Participants (DPs) for any change related to Address, Bank details or any other related matter.

7. OTHER DISCLOSURES

- **Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large:**

All the transactions entered during the financial year with the related parties as defined under Companies Act, 2013 and Listing Regulations, are disclosed in detail in Note No. 39 in "Notes forming part of the Accounts" annexed to the Financial Statements for the year ended 31st March, 2019. All the related party transactions were in the ordinary course of business and on Arm's length basis and are not in conflict with the interest of the Company.

- **Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange, SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

The Company has complied with all requirements specified under the Listing Regulations as well as other regulations and SEBI guidelines. Consequently, there were no strictures or penalties imposed either by SEBI or Stock Exchanges or any other statutory authority for non-compliance of any matter related to the capital markets during the last three financial years..

- **Vigil Mechanism / Whistle Blower Policy**

Pursuant to Section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy / Vigil Mechanism for Directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. Further the Audit Committee reviews and ensures the adequacy of the system laid down by the Company for the said purpose and no concern was reported during the Financial Year ended 31.03.2019. The said policy is also posted on the website of the Company viz: www.montecarlocorporate.com.

- **Weblink where policy for determining 'material' subsidiaries is disclosed:**

As on March 31, 2019, your Company does not have any Subsidiary.

- **Web link where policy on dealing with related party transactions is disclosed:**

Your Company has also framed a Policy on Related Party Transactions for purpose of identification and monitoring of such transactions in line with the requirements of the Companies Act, 2013 and Listing Regulations, which can also be accessed from the Company's website at <http://www.montecarlocorporate.com/pdf/related-party-transaction-policy.pdf>.

- **Other Policies:**

Your Company has also framed the Policies (i) the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and (ii) the Code of Conduct, as required under SEBI (Prohibition of Insider Trading) Regulations, 2015 and the same is available on the website of Company at www.montecarlocorporate.com.

- **Disclosure of Commodity price risk and commodity hedging activities:** Not Applicable

- **Details of preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of the Listing Regulations**

The Company has not raised funds through preferential allotment or qualified institutional placement.

- **Secretarial Compliance Report**

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued there under. The said Secretarial Compliance report is in addition to the Secretarial Audit Report by Practicing Company Secretaries under Form MR – 3 and is required to be submitted to Stock Exchanges within 60 days of the end of the financial year.

- **Certificate from Practicing Company Secretary**

Certificate as required under Part C of Schedule V of Listing Regulations, received from Shri P. S. Dua of M/s P.S. Dua & Associates (C.P. 3934), Practicing Company Secretary, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority was placed before the Board of Directors at their meeting held on 5th August, 2019.

- **Recommendations of Committees of the Board**

There were no instances during the financial year 2018-19, wherein the Board had not accepted recommendations made by any committee of the Board.

- **Total fees paid to Statutory Auditors of the Company**

Total fees of ₹ 32,17,000 (Rupees Thirty Two Lakhs Seventeen Thousand only) for financial year 2018-19, for all services, was paid by the Company on a consolidated basis to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

- **Disclosure relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment at workplace. The details relating to the number of complaints received and disposed of during the financial year 2018-19 are as under:

- Number of complaints filed during the financial year: NIL
- Number of complaints disposed of during the financial year: NIL
- Number of complaints pending as on end of the financial year: NIL

- **Details of Adoption of Non-Mandatory (Discretionary) Requirements**

The status of compliance with the non-mandatory requirements under Regulation 27 of the Listing Regulations are as under:

The Board

The requirement relating to maintenance of office and reimbursement of expenses of Non-Executive Chairman is not applicable to the Company since the Chairman of the Company is an Executive Director.

Shareholders rights

The Company has not adopted the practice of sending out half-yearly declaration of financial performance to shareholders. Quarterly results as approved by the Board are disseminated to Stock Exchanges and updated on the website of the Company

Modified opinion(s) in audit report

There is no modified opinion in the audit report

Reporting of Internal Auditor

In accordance with the provisions of Section 138 of the Act, the Company has appointed an Internal Auditor who reports to the Audit Committee. Internal audit reports submitted on quarterly basis are reviewed by the Audit Committee and suggestion / directions, if any, are given for necessary action.

- **Disclosure of Compliance with Corporate Governance Requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of Regulation 46(2) of SEBI Listing Regulations, 2015:**

Pursuant to Schedule V of SEBI Listing Regulations, 2015, the Company hereby confirms that it has complied with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) inter-alia covering the following subject matter/heads:

- Board of Directors
- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Risk Management Committee – Not Applicable
- Vigil Mechanism
- Related Party Transactions
- Corporate governance requirements with respect to subsidiary of Company - Not Applicable
- Obligations with respect to Independent Directors
- Obligations with respect to Directors and senior management
- Other Corporate governance requirements as stipulated under the Regulations
- Dissemination of various information on the website of the Company w.r.t clauses (b) to (i) of Regulation 46(2).

- **Non-compliance of any requirement of corporate governance report with reasons thereof**

The Company has complied with all the requirements of Corporate Governance Report from sub-paras (2) to (10) of Part C of Schedule V of SEBI LODR Regulations, 2015

- **Disclosure with respect to demat suspense account/unclaimed suspense account**

- Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year: Nil
- Number of shareholders who approached listed entity for transfer of shares from suspense account during the year: Nil
- Number of shareholders to whom shares were transferred from suspense account during the year: Nil
- Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year: Nil
- That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares: Not Applicable

All the shares of the Company has already been allotted to the eligible allottees, hence there is no demat suspense account/unclaimed suspense account

For and on the behalf of Board of Directors

Place: Ludhiana
Date : 05.08.2019

Jawahar Lal Oswal
Chairman & Managing Director
DIN: 00463866

DECLARATION REGARDING COMPLIANCE WITH CODE OF BUSINESS CONDUCT & ETHICS

As provided under Regulation 26(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with Monte Carlo Fashions Limited Code of Business Conduct and Ethics for the year ended March 31, 2019.

For Monte Carlo Fashions Limited

Place: Ludhiana
Date: 05.08.2019

Jawahar Lal Oswal
Chairman & Managing Director

CEO / CFO CERTIFICATION

We the undersigned hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2019 and that to the best of our knowledge and belief:
 - 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2019 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We hereby confirm that there were no:
 - 1) significant changes in internal control over financial reporting during the year;
 - 2) significant changes in accounting policies during the year that requires any disclosure in the notes to the financial statements; and
 - 3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Monte Carlo Fashions Limited

For Monte Carlo Fashions Limited

Place : Ludhiana
Date : 05.08.2019

Jawahar Lal Oswal
Chairman & Managing Director

Raj Kapoor Sharma
Chief Financial Officer

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members
Monte Carlo Fashions Limited

We have examined the compliance of conditions of Corporate Governance by Monte Carlo Fashions Limited (CIN: L51494PB2008PLC032059) ('the Company'), for the year ended on 31st March 2019, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR').

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovesaid provisions of LODR.

We further state that this certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For P. S. Dua & Associates
(Company Secretaries)**

**Sd/-
P.S. Dua
Proprietor**

**(Membership No. FCS 4552)
(Certificate of Practice No. 3934)**

**Place: Ludhiana
Date : 05.08.2019**

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Monte Carlo Fashions Limited
B-XXIX-106, G.T. Road, Sherpur,
Ludhiana-141003, Punjab

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Monte Carlo Fashions Limited having CIN: L51494PB2008PLC032059 and having registered office at B-XXIX-106, G.T. Road, Sherpur, Ludhiana, 141003, Punjab (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) and on the basis of the written representation / declaration received from the directors and taken on record by the Board of Directors as on March 31, 2019, I hereby certify that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on the basis of our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For P. S. Dua & Associates
(Company Secretaries)**

**Sd/-
P.S. Dua
Proprietor**

**(Membership No. FCS 4552)
(Certificate of Practice No. 3934)**

**Place: Ludhiana
Date : 05.08.2019**

MANAGEMENT DISCUSSION & ANALYSIS REPORT

ECONOMY & INDUSTRY SECTION

INDIA ECONOMIC OVERVIEW:

Given the dynamic nature of the Indian garment industry, the impact of high crude oil prices and global challenges were particularly strong. The economy has achieved improvements in macro-economic stability, mainly on the strength of on-going structural reforms, fiscal discipline and financial inclusion.

The full-year GDP growth rate is pegged at 7% for FY 2018-19, due to the waning effects of the demonetisation and the disruption in supply chains following the implementation of the Goods and Services Tax (GST). Consumer sentiments remained suppressed for most part of the year with urban consumers feeling the overhang of inadequate job/income growth and high oil prices. At the same time, persistent deflation in food prices and lack of Minimum Support Price (MSP) realisations adversely impacted rural demand. In addition, credit growth was severely affected in the second half of the financial year with the non-banking financial sector under stress from defaults by a few large players in the sector

FY2019-20 is likely to start on an uncertain note. Good monsoon seasons might only add to the possibility of upward & positive expectation in the economy as the rural economy still depends to a great extent on rains. Recent round of policy rate cuts announced by the Reserve Bank of India are expected to alleviate the credit conditions and thus expect to provided a boost to the industrial sector.

The growth of Indian economy is expected to remain upward for the year ahead. high consumer spending, rising disposable income and increasing share of organized retail the domestic garmenting and retailing industry has favorable growth prospects over the long term.

THE APPAREL INDUSTRY

India is the world's second largest exporter of textiles and clothing. Domestic Textile and apparel industry contribute 2% to India's GDP and accounts for 14% of industrial production, 27% of the country's foreign exchange inflows, and 13% of country's export earnings. The textile and apparel industry can be broadly divided into two segments - yarn and fiber, and processed fabrics and apparel. The domestic textile industry in India is estimated to reach US\$ 223 billion by 2021, while cotton production in India have reached 36.1 million bales in FY19. In FY20, growth in private consumption is expected to create strong domestic demand for textiles.

The urban metro market is the biggest market for Apparels in India comprising cities such as Delhi NCR, Mumbai, Bengaluru, Chennai, etc. contributing over 20% to the Indian apparel market. Considering that less than 20% of India's population lives in these cities indicates the higher purchasing power in urban areas and frequency of purchases. The metros also witness huge penetration of women's western wear as compared to Tier -I or Tier -II cities of the country.

The rural apparel market in India is still primarily catered by unbranded and unorganized local players. High real estate costs, competition among branded players and saturation in metro cities of the country have driven big brands to move towards the smaller cities. The increasing purchasing capacity and awareness of fashion and trend in small cities has also resulted in providing a huge market to the organized players of the country.

The domestic apparel market can also be broadly divided on basis of how premium the products are — in likes of super premium, premium, medium, economy, and value segments. The medium price segment holds majority of the share among apparel segment followed by economy segment. The price sensitive rural population forms a major part of the value and economy price segments of apparel market. Further, driven by the twin trends of premiumization and value consciousness, the mid-market segment is being squeezed on both sides by the value and the premium segments. Due to the low investments required for setting up a garment unit, many small players have entered the industry making it highly fragmented.

The growth in the industry can be attributed to:

- rising per capita disposable income
- changing fashion trends
- growing consumer class
- rising urbanization
- increasing retail penetration
- growing service class
- increasing share of the designer wear.

Source: IBEF

DOMESTIC MARKET SEGMENTATION

The domestic Indian apparel market can be broadly classified into men's wear, women's wear and kids wear. Currently, men's wear holds the largest share in the apparel market. It accounts for 41% of the market. Women's wear contributes almost 38%, while kids wear contributes the balance 21% of the market.

Source: Care Ratings - Indian Readymade Garments (Apparel Industry) - April 2019.

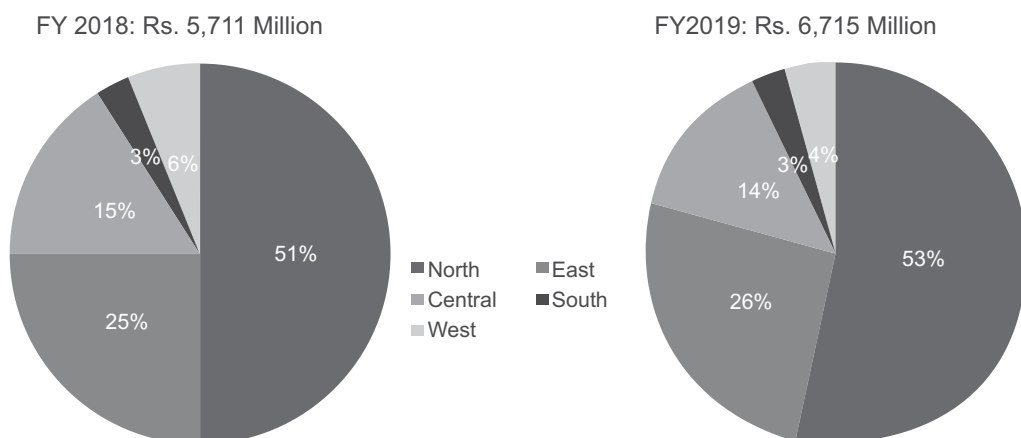
COMPANY OVERVIEW

Monte Carlo Fashions Ltd. (Monte Carlo) has pushed the envelope on high street fashion. The products offered under brand Monte Carlo — apart from Woollen knitted garments — include T-Shirts, Shirts, Linen Shirts, Denim, Trousers, Dresses, Shorts, Tunics, Sportswear and much more, for men, women, tweens (8-14 years age group). The main objective of the Company is to stand up to the buyers' expectations with consistent quality, backed by fashion designing division equipped with the latest technology, and a team of highly qualified technocrats and adhering to timely schedules.

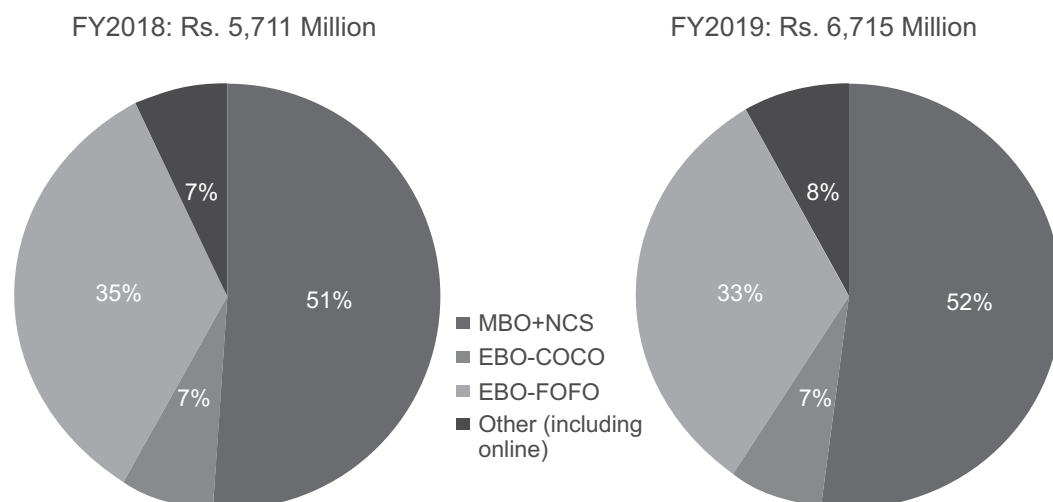
REGION & PRODUCT WISE REVENUE BREAKUP

The Company has a well-diversified presence across various categories such as Cottons, Woollens, Home Furnishings and Kids etc. Currently, cotton wears contribute around ~58% of the Company's total revenues. Historically, the Company's presence has been strong in the Northern and Eastern regions of India. However, your Company remained focused on improving its presence in Southern and Western regions too, by increasing the share of "all season" cotton product categories. Our core competency lies in our clear understanding of the specifications across products. Our long standing relationship with our customers has been one of the most significant factors in our growth.

REVENUE BREAKUP BY REGION



REVENUE BREAKUP BY CHANNEL



THE MONTE CARLO ADVANTAGE

Strong Retail & Distribution Network

As on date of report, your company is strongly positioned across all sales channels with its focused multi distribution strategy. Our product is sold through 262 Executive Brand Outlets (EBOs), 2500+ Multiple Brand Outlets (MBOs) and 306+ National Chain Stores (NCS).

With rise of the middle tiers and smaller towns & cities we believe your company has ample opportunity to expand its presence in these towns as growth rate is higher than urban town and metro cities.

The company has established an e-commerce presence through its own portal montecarlo.in and by way of tie-ups with digital platforms such as Amazon, Flipkart, Myntra, Jabong and Snapdeal etc.

OPPORTUNITIES

The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand. India is the largest exporter of cotton yarn and is ahead of China in cotton yarn exports, however, in case of cotton fabric, although India is the second largest exporter of cotton fabric its share in world exports is 6% while the leading player China has 51% share. This amounts to 8.5 times the share of India. The gap in the exports of cotton fabric between China and India is glaring. This reflects that while India has a commanding position in the low end of the value chain, there is an opportunity for India to introspect and come up with innovative ideas thereby, becoming leaders in the higher end of the value chain in cotton and its related products. In addition to that urbanisation is expected to support higher growth due to change in fashion and trends. Government initiatives such as the proposed hike in the FDI limit in multi brand retail will bring in more players in the sector, thereby providing more options to consumers. It will also bring in greater investments along the entire value chain from agricultural production to final manufacturing goods. With global retail brands assured of a domestic foothold outsourcing will also rise significantly.

Source : IIFT Textile Project Report (March18)

RISKS & CONCERN

Many major international apparel brands have commenced operations in India realizing that Indian markets likely to emerge as one of the largest markets in the world in the next few decades which creates competition in the industry. Changing demographic shift has resulted into varying consumer preferences for fashion and clothing. Company may observe significant deterioration in sales if the company fails to cope up with latest trends in fashion and clothing. Seasonality in the Business can also be considered as one of the risk in case of Monte Carlo Fashion as third quarter generates highest quarterly revenue in the year and woollen knitted garments contributes one third of the total sales. To mitigate that risk company is expanding its products offerings in other segments like home furnishing and kids in order to reduce the overall seasonality impacts.

FUTURE OUTLOOK: THE WAY FORWARD

We are very positive on the growth of the company in years to come, customer addition, geographical diversification, ideal product mix, will improve the revenue and margins in years ahead without any major capex.

With a positive outlook of Indian economy and expected rise in consumption your company is well positioned to deliver strong performance in FY20. The company has significantly expanded its presence in the Indian market by opening many Exclusive Brand Outlets (EBO's) MBO's taking the brands to consumers across the entire length and breadth of the country. The focus will be improving existing quality of existing products and forecasting fashion trends which help to be on profitable growth with increasing ROCE and also whenever markets offers good opportunity, in response the company develop new product in its range.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and those transactions are authorised, recorded and reported correctly. The internal control is exercised through documented policies, guidelines and procedures. The internal auditors regularly monitor and evaluate the efficiency and adequacy of internal control system in company, its compliance with operating systems accounting procedures and also ensures the internal control systems are properly followed by all departments.

HUMAN RESOURCE & INDUSTRIAL RELATIONS

We have diverse workforce of 1727 employees as on 31st March 2019. Given the repute we hold in the market we have been able to consistently attract the best talent and skill set from the industry. Here, our people feel respected and valued, creativity and excellence are encouraged.

The industrial relations remained cordial throughout the year and the board records its appreciation for the contribution of all employees towards the growth of the company without which the achievements made would not have been possible.

OPERATIONAL PERFORMANCE & FINANCIAL REVIEW

During the year, the Company achieved a total income of ₹ 65,637.47 Lakhs with a net profit before tax of ₹ 5,959.6. The detailed performance has already been discussed in the Directors' Report under the column 'Performance Review'. The production of the Company increased from 2,467,312 pcs to 3,223,038 pcs during the year 2018-19 showing an increase of

30.62%

SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

As per SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Company is required to provide details of significant changes (change of 25% or more as compared to immediately previous financial year) in key financial ratios. Accordingly, the Company has identified the following ratios as key financial ratios:-

| Ratio | Unit | FY 2018-19 | FY 2017-18 | % Change |
|-------------------------|-------|------------|------------|----------|
| Debtors Turnover | times | 3.20 | 3.42 | -6.55 |
| Inventory Turnover | times | 2.48 | 2.26 | 9.54 |
| Interest Coverage Ratio | times | 8.86 | 11.87 | -25.37 |
| Current Ratio | times | 2.08 | 2.76 | -24.55 |
| Debt Equity ratio | times | 0.10 | 0.11 | -9.83 |
| Operating Margin | % | 12.10 | 16.03 | -24.52 |
| Net Margin | % | 9.10 | 11.81 | -22.95 |
| Return on Net Worth | % | 12.32 | 13.28 | -7.23 |

The Interest coverage ratio is lower by 25.37% and Return on Net worth is lower by 7.23% due to decrease in profit before interest, depreciation and tax and increase in finance cost. The major reasons for decrease in profit of the company is rise in advertisement costs and CSR Expenditure for the previous years 2016-17, 2017-18 and current year 2018-19 being paid during the year. Your management is quite optimistic that the performance will improve in the near term.

CAUTIONARY STATEMENT

Though the statement and views expressed in the above said report are on the basis of best judgment but the actual future results might differ from whatever is stated in the report.

For and on the behalf of Board of Directors

Place: Ludhiana
Date : 05.08.2019

Jawahar Lal Oswal
Chairman & Managing Director
DIN: 00463866

Independent Auditor's Report

To the Members of Monte Carlo Fashions Limited

Report on the audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Monte Carlo Fashions Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

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

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matters | How our audit addressed the key audit matters |
|---|--|
| <p>Sales returns</p> <p>As described in note 1(iii)(i), 18 and 40 to the Financial Statements.</p> <p>One of the significant adjustments considered in revenue recognition is the adjustment for sales returns. The Company has arrangements with the customers where the customers have the right to return the goods in the normal course of business with no specified period of return from the date of purchase. Returns are generally made upto 3 years from the date of sale. Further the Company has various types of arrangements with the customers including outright sales, sales with right of return in normal course of business, etc.</p> <p>The above arrangements result in a significant risk that sales recognised during the current year might be reversed subsequently in future years. Management adjusts revenue recognized during the year for expected returns in the subsequent years based on sales made during the current year and historical trends of sales return in the earlier years for various transactions which are grouped on the basis of similar characteristics.</p> <p>Further, the Company has retrospectively adopted the IndAS 115, notified by Ministry of Corporate Affairs on 28 March 2018 under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards)</p> | <p>Our audit procedures in relation to revenue returns included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Reviewed the process of sales returns and assessed the appropriateness of the accounting policy adopted by the company for revenue recognition. • Assessed the design and implementation of controls in respect of the revenue recognition and sales returns and tested the effectiveness of key revenue controls operating across the business. • Obtained the historical trends for revenue and corresponding sales returns based on the accounting records maintained by the Company. • Analysed the appropriateness for the exclusions of certain revenue transactions from the estimations for expected sales returns. Verified the customer's right to return goods with the signed agreements and corroborated the sales return estimates made by the management for the year based on discussions with management around past trends and other relevant factors. • Obtained the classification of contracts with similar characteristics, performed detailed analysis of the terms applicable for different types of contracts. |

Rules, 2015 (as amended) ('Ind AS') and based on the assessment performed by the Company, revenue has been adjusted for the expected return with a corresponding refund liability being recognised. The Company has corresponding recognized the right to recover the products from customers.

Considering the materiality of the amounts involved, combined with retrospective application of new accounting standard and significant judgements discussed, including the inherent limitations involved in estimating the future sales returns based on past trends, this matter has been identified as a key audit matter for the current year audit.

Change in the inventory valuation method of manufactured finished goods inventory

As described in note 1(ii), 1(iii)(c), 7, 22 and 40 to the Financial Statements, the Company has changed the method of inventory valuation for manufactured finished goods inventory from retail method to actual cost method. The Company has applied the change in accounting policy retrospectively in accordance with Ind AS 8.

Under the actual cost method, the Company has valued the manufactured finished goods inventory based on raw material cost and allocating the appropriate overheads. The raw material cost is valued using the moving weighted average of the raw material as on date of consumption and the bills of material prepared by the management. The overheads are allocated by using the specific identification of their individual costs to the applicable cost centre. Significant judgements are involved in loading of overheads to each category of products along with the appropriate absorption in the total inventory valuation.

Considering the materiality of the amount involved, combined with the significant judgments and the retrospective change in accounting policy, this matter has been identified as a key audit matter for the current year audit.

- Tested the arithmetical accuracy of the calculations performed by the management in arriving at the expected value of sales returns.
- Ensured that the accounting treatment in accordance with the provisions of Ind-AS 115.
- Tested the appropriateness of the disclosures made in the financial statements is in accordance with the applicable accounting standards.

Our audit procedures in relation to change in the inventory valuation method of manufactured finished goods inventory included, but were not limited to, the following:

- Reviewed the process of inventory valuation and assessed the appropriateness of the accounting policy adopted by the Company for inventory valuation.
- Assessed the design and implementation of controls in respect of the inventory valuation and tested the effectiveness of key inventory controls operating across the business.
- Evaluated whether the retrospective application of the change in method of valuation was in compliance with Ind AS 8 and whether inventory valuation method was in compliance with the requirements of Ind AS 2.
- Discussed and examined the approach followed by the management for the change in method of valuation.
- Raw material quantities consumed in the manufactured finished goods inventory were tested from the bills of material to trace whether the rates used were the weighted average rates, automatically calculated by the accounting software.
- Conversion cost for each category of products were tested for allocation to the appropriate cost centres based on the production records of the Company.
- For overhead absorption, evaluated whether the fixed and variable overheads were appropriately calculated and further, whether the allocation made was on the basis of normal capacity of the business, to ascertain there was no over/under absorption of overheads.
- Tested the arithmetical accuracy of the above calculations.
- Evaluated the appropriateness and adequacy of disclosures with respect to the reconciliations prepared and presented by the management in the financial statements in accordance with Ind AS 8.

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

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

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2016 ('The Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
17. Further to our comments in Annexure I, as required by section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 20 May 2019 as per Annexure II expressed unmodified opinion;
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in note 28 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019;
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sandeep Mehta
Partner
Membership No.: 099410

Place : Ludhiana
Date : 20 May 2019

Annexure I to the Independent Auditor's report of even date to the members of Monte Carlo Fashion Limited on the Financial Statements for the year ended 31 March 2019
Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted a physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stock lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

| Name of the statute | Nature of dues | Amount (` in lakhs) | Amount paid under Protest (` in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|-----------------------------------|-----------------|------------------------|---|--|--|
| West Bengal Value Added Tax, 2003 | Interest on VAT | 1.34 | - | FY 2008-09 | Deputy Commissioner of Commercial Taxes, Kolkata |
| Central Sales Tax Act, 1956 | Interest on CST | 0.16 | - | FY 2008-09 | Deputy Commissioner of Commercial Taxes, Kolkata |
| West Bengal Value Added Tax, 2003 | Penalty on VAT | 2.31 | 2.31 | FY 2009-10 | West Bengal Taxation Tribunal |

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) In our opinion, the Company has applied the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer/ further public offer (including debt instruments during the year.

- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable IndAS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sandeep Mehta
Partner
Membership No.: 009410

Place : Ludhiana
Date : 20 May 2019

Annexure II to the Independent Auditor's report of even date to the members of Monte Carlo Fashion Limited on the Financial Statements for the year ended 31 March 2019

Annexure II

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

1. In conjunction with our audit of the financial statements of Monte Carlo Fashions Limited ('the Company') as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the IFCoFR criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sandeep Mehta

Partner

Membership No.: 009410

Place : Ludhiana

Date : 20 May 2019

Balance Sheet as at 31 March 2019

(All amounts in ₹ lakhs, unless stated otherwise)

| | Notes | As at 31 March 2019 | As at 31 March 2018 (Restated*) | As at 1 April 2017 (Restated*) |
|--------------------------------------|-------|------------------------|---------------------------------------|--------------------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| a) Property, plant and equipment | 2 | 14,855.29 | 15,501.97 | 16,147.02 |
| b) Capital work-in-progress | 3 | 2.38 | 8.91 | 272.63 |
| c) Intangible assets | 4 | 94.36 | 117.92 | 137.16 |
| d) Financial assets | | | | |
| i) Investments | 5.1 | 4,772.11 | 3,760.72 | 2,356.70 |
| ii) Loans | 5.2 | 426.09 | 370.09 | 359.19 |
| iii) Other financial assets | 5.3 | 8.61 | - | 1,651.00 |
| e) Income tax assets (net) | | 907.90 | 766.87 | 211.84 |
| f) Deferred tax assets (net) | 27 | 712.06 | 1,311.10 | 1,745.51 |
| g) Other non-current assets | 6 | 126.53 | 95.02 | 111.09 |
| Total non-current assets | | 21,905.33 | 21,932.60 | 22,992.14 |
| Current assets | | | | |
| a) Inventories | 7 | 19,115.78 | 17,353.64 | 17,758.60 |
| b) Financial assets | | | | |
| i) Investments | 8.1 | 8,980.82 | 9,072.09 | 9,349.92 |
| ii) Trade receivables | 8.2 | 21,985.28 | 18,996.70 | 14,630.84 |
| iii) Cash and cash equivalents | 8.3 | 3,265.54 | 152.23 | 69.49 |
| iv) Other bank balances | 8.4 | 225.36 | 1,659.80 | 2,527.87 |
| v) Loans | 8.5 | 119.04 | 50.69 | 36.68 |
| vi) Other financial assets | 8.6 | 54.48 | 271.61 | 427.52 |
| c) Other current assets | 9 | 3,182.52 | 2,796.82 | 1,494.61 |
| Total current assets | | 56,928.82 | 50,353.58 | 46,295.53 |
| Total assets | | 78,834.15 | 72,286.18 | 69,287.67 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| a) Equity share capital | 10 | 2,073.21 | 2,173.21 | 2,173.21 |
| b) Other equity | 11 | 46,298.94 | 48,968.41 | 44,844.66 |
| Total equity | | 48,372.15 | 51,141.62 | 47,017.87 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 12.1 | 1,286.65 | 1,281.98 | 1,538.45 |
| ii) Other financial liabilities | 12.2 | 1,532.57 | 1,341.23 | 1,234.93 |
| b) Other non-current liabilities | 13 | 131.07 | 146.64 | 15.18 |
| c) Provisions | 14 | 203.06 | 150.65 | 92.68 |
| Total non-current liabilities | | 3,153.35 | 2,920.50 | 2,881.24 |

Balance Sheet as at 31 March 2019 (*Contd.*)

(All amounts in ` lakhs, unless stated otherwise)

| | Notes | As at 31 March 2019 | As at 31 March 2018 (Restated*) | As at 1 April 2017 (Restated*) |
|---|-------|------------------------|---------------------------------------|--------------------------------------|
| Current liabilities | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 15.1 | 3,174.06 | 4,033.55 | 3,438.09 |
| ii) Trade payables | | | | |
| Total outstanding dues of micro enterprises and small enterprises | 15.2 | 293.06 | 446.04 | 323.88 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 15.2 | 13,161.90 | 10,570.91 | 10,008.79 |
| iii) Other financial liabilities | 15.3 | 9,854.37 | 2,272.25 | 4,207.00 |
| b) Other current liabilities | 16 | 701.34 | 720.18 | 1,250.34 |
| c) Provisions | 17 | 123.92 | 181.13 | 160.46 |
| Total current liabilities | | 27,308.65 | 18,224.06 | 19,388.56 |
| Total equity and liabilities | | 78,834.15 | 72,286.18 | 69,287.67 |

*refer note 40 for change in accounting policy with retrospective application.

Notes 1 to 41 forms an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For **Monte Carlo Fashions Limited****Jawahar Lal Oswal**(Chairman and Managing Director)
(DIN : 00463866)**Raj Kapoor Sharma**(Chief Financial Officer)
(Membership No. 093017)**Sandeep Jain**(Executive Director)
(DIN : 00565760)**Ankur Gauba**(Company Secretary)
(Membership No. A29405)**Sandeep Mehta**

Partner

Membership No. : 099410

Place : Ludhiana

Date : 20 May 2019

Place : Ludhiana

Date : 20 May 2019

Statement of Profit and Loss for the year ended 31 March 2019 (All amounts in ` lakhs, unless stated otherwise)

| | Notes | For the year ended 31 March 2019 | For the year ended 31 March 2018 (Restated*) |
|---|-------|-------------------------------------|--|
| I INCOME | | | |
| Revenue from operations | 18 | 65,637.47 | 57,637.26 |
| Other income | 19 | 1,822.85 | 1,778.57 |
| Total income | | 67,460.32 | 59,415.83 |
| II EXPENSES | | | |
| Cost of materials consumed | 20 | 16,405.14 | 13,475.07 |
| Purchases of stock-in-trade | 21 | 19,498.38 | 14,956.86 |
| Changes in inventories of finished goods, work-in-progress and traded goods | 22 | (1,464.12) | 788.91 |
| Excise duty | | - | 42.76 |
| Employee benefit expense | 23 | 5,949.19 | 5,306.95 |
| Finance costs | 24 | 894.61 | 771.62 |
| Depreciation and amortisation expense | 25 | 1,910.01 | 2,096.28 |
| Other expenses | 26 | 15,414.24 | 11,752.14 |
| Total expenses | | 58,607.45 | 49,190.59 |
| III Profit before tax expense (I-II) | | 8,852.87 | 10,225.24 |
| IV Tax expense: | 27 | | |
| (1) Current tax | | 2,272.37 | 3,075.54 |
| (2) Deferred tax charge | | 620.89 | 358.23 |
| V Profit for the year (III-IV) | | 5,959.61 | 6,791.47 |
| VI Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| - Re-measurement gains/(losses) on defined benefit plan | | (62.42) | 24.10 |
| Income tax relating to items that will not be reclassified to profit or loss | | | |
| - Deferred tax on re-measurement gains/(losses) on defined benefit plan | | (21.81) | 76.18 |
| Other comprehensive income for the year, net of tax | | (40.61) | (52.08) |
| VII Total comprehensive income for the year | | 5,919.00 | 6,739.39 |
| VIII Earnings per equity share (nominal value ` 10) | | | |
| Basic | | 27.46 | 31.25 |
| Diluted | | 26.85 | 31.25 |

*refer note 40 for change in accounting policy with retrospective application.

Notes 1 to 41 forms an integral part of these financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For **Monte Carlo Fashions Limited**

Jawahar Lal Oswal

(Chairman and Managing Director)

(DIN : 00463866)

Sandeep Jain

(Executive Director)

(DIN : 00565760)

Sandeep Mehta

Partner

Membership No. : 099410

Raj Kapoor Sharma

(Chief Financial Officer)

(Membership No. 093017)

Ankur Gauba

(Company Secretary)

(Membership No. A29405)

Place : Ludhiana

Date : 20 May 2019

Place : Ludhiana

Date : 20 May 2019

Cash Flow Statement for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 (Restated*) |
|---|-------------------------------------|--|
| A. Cash flow from operating activities: | | |
| Profit before tax | 8,852.87 | 10,225.24 |
| Add: Adjustment for non-cash and non-operating items | | |
| Depreciation and amortisation expense | 1,910.01 | 2,096.28 |
| Interest costs | 894.61 | 771.62 |
| Interest income | (99.80) | (254.52) |
| Other interest income | (369.27) | (626.23) |
| Provision no longer required | - | (22.12) |
| Profit on sale of investments (net) | (2.40) | (16.47) |
| (Profit)/loss on sale of property, plant and equipment (net) | 17.99 | (101.22) |
| Amounts written off | 116.86 | 62.87 |
| Fair valuation of investments through profit and loss | (908.49) | (674.32) |
| Operating profit before working capital changes | 10,412.38 | 11,461.13 |
| Adjustments for movement in: | | |
| Changes in trade receivables and other receivables | (3,105.44) | (4,365.86) |
| Changes in inventories | (1,762.14) | 404.96 |
| Changes in loans (non-current) | (56.00) | (10.90) |
| Changes in loans (current) | (68.35) | (76.88) |
| Changes in other current assets | (385.70) | (1,302.21) |
| Changes in other financial assets | 10.75 | 90.62 |
| Changes in other non-current assets | (23.78) | 22.22 |
| Changes in trade and other payables | 2,438.01 | 684.28 |
| Changes in other financial liabilities | 7,616.58 | (616.25) |
| Changes in other current liabilities | (18.84) | (508.04) |
| Changes in other non-current liabilities | (15.57) | 131.46 |
| Changes in short-term provisions | (119.63) | 44.77 |
| Changes in long-term provisions | 52.41 | 57.97 |
| Cash flow from operating activities before taxes | 14,974.68 | 6,017.27 |
| Direct taxes paid (net of refunds and demands) | (2,413.44) | (3,630.57) |
| Net cash flow from operating activities (A) | 12,561.24 | 2,386.70 |
| B. Cash flow from investing activities: | | |
| Purchase of fixed assets (including capital advances and creditors for capital goods) | (1,171.68) | (1,711.00) |
| Proceeds from sale of property, plant and equipment | 34.79 | 734.45 |
| Sale of current investments | 890.78 | 2,864.60 |
| Other bank balances not considered as cash and cash equivalents | | |
| - Placed | (233.97) | (8.80) |
| - Matured | 1,659.80 | 2,527.87 |
| Interest received | 675.45 | 946.06 |
| Purchase of investments | (900.00) | (3,300.00) |
| Net cash flow from investing activities (B) | 955.16 | 2,053.18 |
| C. Cash flow from financing activities: | | |
| Repayment of long-term borrowings | (264.36) | (1,566.47) |
| Proceeds from long-term borrowings | 303.95 | |
| Movement in current borrowings (net) | (859.49) | 595.46 |
| Dividend paid (including dividend distribution tax) | (3,143.90) | (2,615.64) |
| Reduction in other equity due to buy back of shares (including buy back related expenses) | (5,444.57) | - |
| Reduction in equity capital due to buy back of shares | (100.00) | - |
| Interest paid | (894.72) | (770.49) |
| Net cash used in financing activities (C) | (10,403.09) | (4,357.14) |

Cash Flow Statement contd...

(All amounts in ₹ lakhs, unless stated otherwise)

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 (Restated*) |
|--|-------------------------------------|--|
| Net increase in cash and cash equivalents (A+B+C) | 3,113.31 | 82.74 |
| Cash and cash equivalents at the beginning of the year | 152.23 | 69.49 |
| Closing cash and cash equivalents | 3,265.54 | 152.23 |
| Cash and cash equivalents include: | | |
| Cash in hand (including stamps) | 45.58 | 109.29 |
| Balance with banks | 26.96 | 42.94 |
| Deposits with original maturity less than three months | 3,193.00 | - |
| Cash and bank balances | 3,265.54 | 152.23 |

Notes to Cash flow Statement

a) Debt reconciliation statement in accordance with Ind AS 7

| | Long-term borrowings | Short-term borrowings | Total |
|--|-------------------------|--------------------------|-----------------|
| As at 1 April 2017 | 3,104.85 | 3,438.09 | 6,542.94 |
| Cash flows: | | | |
| Proceeds from borrowings | - | 595.46 | 595.46 |
| Repayment of borrowings | 1,566.47 | - | 1,566.47 |
| Non-cash: | | | |
| Impact of amortised cost adjustment for borrowings | - | - | 0.00* |
| As at 1 April 2018 | 1,538.38 | 4,033.55 | 5,571.93 |
| Cash flows: | | | |
| Proceeds from borrowings | 303.95 | - | 303.95 |
| Repayment of borrowings | 264.36 | 859.49 | 1,123.85 |
| Non-cash: | | | |
| Impact of amortised cost adjustment for borrowings | 0.00* | - | 0.00* |
| As at 31 March 2019 | 1,577.96 | 3,174.06 | 4,752.01 |
| (* ₹ 3,291) | | | |

b) The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 (Ind AS 7) on "Statements of Cashflows".

c) Negative figures have been shown in brackets.

d) Additions to property, plant, equipment and intangible assets include movements of capital work-in-progress during the year.

| | As at 31 March 2019 | As at 31 March 2018 |
|---------------------------------|------------------------|------------------------|
| e) Amount not available for use | 220.86 | 1,653.37 |

*refer note 40 for change in accounting policy with retrospective application.

Notes 1 to 41 forms an integral part of these financial statements

This is the Cash Flow Statement referred to in our report of even date

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For **Monte Carlo Fashions Limited****Jawahar Lal Oswal**

(Chairman and Managing Director)

(DIN : 00463866)

Raj Kapoor Sharma

(Chief Financial Officer)

(Membership No. 093017)

Sandeep Jain

(Executive Director)

(DIN : 00565760)

Ankur Gauba

(Company Secretary)

(Membership No. A29405)

Sandeep Mehta

Partner

Membership No. : 099410

Place : Ludhiana

Date : 20 May 2019

Place : Ludhiana

Date : 20 May 2019

Statement of changes in equity for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

A. Equity share capital

| | |
|---|-----------------|
| As at 1 April 2017 | 2,173.21 |
| Changes in equity share capital during the year | - |
| As at 31 March 2018 | 2,173.21 |
| Changes in equity share capital during the year | (100.00) |
| As at 31 March 2019 | 2,073.21 |

B. Other Equity**Attributable to the equity holders**

| Particulars | Other equity | | | | | | | Total |
|---|------------------|----------------------------|----------------------------|---|------------------|------------------|-------------------|------------------|
| | Capital reserves | Capital Redemption reserve | Securities premium account | Corporate social responsibility reserve | Special reserve | General reserve | Retained earnings | |
| Balance as at 1 April 2017 (as originally presented) | 0.01 | - | 12,869.76 | 146.72 | 22,430.91 | 10,701.03 | 1,267.64 | 47,416.07 |
| Change in accounting policy (refer note 40) | - | - | - | - | - | - | (2,571.41) | (2,571.41) |
| Restated balance as at 1 April 2017 | 0.01 | - | 12,869.76 | 146.72 | 22,430.91 | 10,701.03 | (1,303.77) | 44,844.66 |
| Profit for the year (restated) | - | - | - | - | - | - | 6,791.47 | 6,791.47 |
| Other comprehensive income for the year (net of tax) | - | - | - | - | - | - | (52.08) | (52.08) |
| Total comprehensive income for the year | 0.01 | - | 12,869.76 | 146.72 | 22,430.91 | 10,701.03 | 5,435.62 | 51,584.05 |
| Dividends | - | - | - | - | - | - | (2,173.22) | (2,173.22) |
| Dividend distribution tax | - | - | - | - | - | - | (442.42) | (442.42) |
| Transfer from retained earnings | - | - | - | - | - | - | (4,000.00) | (4,000.00) |
| Transfer to general reserve | - | - | - | - | - | 4,000.00 | - | 4,000.00 |
| Transfer from general reserve | - | - | - | - | - | (1,947.84) | - | (1,947.84) |
| Transfer to special reserve | - | - | - | - | 1,791.64 | - | - | 1,791.64 |
| Transfer to corporate social responsibility reserve | - | - | - | 156.20 | - | - | - | 156.20 |
| Balance as at 31 March 2018 | 0.01 | - | 12,869.76 | 302.92 | 24,222.55 | 12,753.19 | (1,180.02) | 48,968.41 |
| Balance as at 1 April 2018 (as originally presented) | 0.01 | - | 12,869.76 | 302.92 | 24,222.55 | 12,753.19 | 572.08 | 50,720.51 |
| Change in accounting policy (refer note 40) | - | - | - | - | - | - | (1,752.10) | (1,752.10) |
| Restated balance as at 1 April 2018 | 0.01 | - | 12,869.76 | 302.92 | 24,222.55 | 12,753.19 | (1,180.02) | 48,968.41 |
| Profit for the year | - | - | - | - | - | - | 5,959.61 | 5,959.61 |
| Other comprehensive income for the year (net of tax) | - | - | - | - | - | - | (40.61) | (40.61) |
| Total comprehensive income for the year | 0.01 | - | 12,869.76 | 302.92 | 24,222.55 | 12,753.19 | 4,738.98 | 54,887.41 |
| Dividend | - | - | - | - | - | - | (2,607.85) | (2,607.85) |
| Dividend distribution tax | - | - | - | - | - | - | (536.05) | (536.05) |
| Buy-back related expenses | - | - | - | - | - | (44.57) | - | (44.57) |
| Transfer to general reserve | - | - | - | (302.92) | (24,222.55) | - | (1,000.00) | (25,525.47) |
| Transfer from special reserve | - | - | - | - | - | 24,222.55 | - | 24,222.55 |
| Transfer to capital redemption reserve | - | - | - | - | - | (100.00) | - | (100.00) |
| Transfer from general reserve | - | 100.00 | - | - | - | - | - | 100.00 |
| Transfer from security premium reserve on buy-back of equity shares | - | - | (5,400.00) | - | - | - | - | (5,400.00) |
| Transfer from retained earnings | - | - | - | - | - | 1,000.00 | - | 1,000.00 |
| Transfer from corporate social responsibility reserve | - | - | - | - | - | 302.92 | - | 302.92 |
| Balance as at 31 March 2019 | 0.01 | 100.00 | 7,469.76 | - | - | 38,134.09 | 595.08 | 46,298.94 |

Notes 1 to 41 forms an integral part of these financial statements

This is the Statement of Changes in equity referred to in our report of even date

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For **Monte Carlo Fashions Limited****Jawahar Lal Oswal**(Chairman and Managing Director)
(DIN : 00463866)**Raj Kapoor Sharma**(Chief Financial Officer)
(Membership No. 093017)**Sandeep Jain**(Executive Director)
(DIN : 00565760)**Ankur Gauba**(Company Secretary)
(Membership No. A29405)**Sandeep Mehta**

Partner

Membership No. : 099410

Place : Ludhiana

Date : 20 May 2019

Place : Ludhiana

Date : 20 May 2019

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

1. i) Corporate information

Monte Carlo Fashions Limited (the "Company") is a public company limited by shares incorporated under the provisions of the Companies Act, 1956 on 1 July 2008 and is domiciled in India. The Company's registered office is at B-XXIX-106, G.T.Road, Sherpur Ludhiana, Punjab. Its shares are listed on both BSE Limited and National Stock Exchange of India Limited. The Company is engaged in manufacturing of designer woolen/cotton readymade apparels and trading of readymade apparels including blankets under its brand "MONTE CARLO" which has also been recognised as a "SUPERBRAND".

ii) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended and presentation requirements of Division II of schedule III of the Companies Act, 2013 (Ind AS compliant schedule III) as applicable to financial statement.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and
- Property, plant and equipment and intangible assets have been carried at deemed cost on the date of transition using the optional exemption allowed under Ind AS 101.

The Company has applied the following standards and amendments to the accounting policies for the first time for their annual reporting period commencing 1 April 2018:

- a) Ind AS 115, Revenue from contracts with customer, the Company had to change its accounting policies and make certain retrospective adjustments following the adoption of Ind AS 115. This is disclosed in note 40.
- b) Change in method of valuation of manufactured finished goods from retail method to actual cost method has been considered as change in accounting policy which requires retrospective application in accordance with Ind AS 8, Accounting policies, changes in accounting, estimates and errors. This is disclosed in note 40.

iii) Significant accounting policies

a) Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

Deferred tax assets and liabilities are classified as non-current assets and liabilities whichever is applicable.

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

c) Inventory

Inventories are initially recognized at the lower of cost and net realizable value (NRV).

Cost incurred in bringing each product to its present location and condition are accumulated as follows:

- **Raw materials, traded finished goods and stores and spares:** Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average cost method basis.
- **Work-in-progress:** at raw material cost plus conversion costs depending upon the stage of completion.
- **Manufactured finished goods:** Cost is determined using actual cost method of valuation in which cost of inventories comprises costs of purchase, costs of conversion and other attributable costs incurred in bringing them to their respective present location and condition.
- **Traded finished goods:** stated at the lower of cost or market value. Cost is determined using the weighted average cost basis and includes the purchase price and attributable direct costs.

Initial cost of inventories includes import duties, non-refundable taxes, transport and handling costs and any other directly attributable costs, less trade discounts, rebates and similar items.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

d) Property, plant and equipment
Recognition

Under the previous GAAP (Indian GAAP), property plant and equipment were carried in the balance sheet at their cost of purchase less accumulated depreciation and impairment losses (if any) Using the deemed cost exemption available as per Ind AS 101, the Company has elected to carry forward these carrying value of PPE under Indian GAAP as on 31 March 2016 as book value of such assets under Ind AS as at the transition date i.e. 1 April 2016.

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of PPE that are not yet ready for their intended use at the reporting date. When significant parts of PPE are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the PPE as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation

Depreciation on property, plant and equipment is provided on the written down value method arrived on the basis of the useful life prescribed under Schedule II of the Companies Act, 2013. The following useful life of assets has been taken by the Company:

| Tangible Assets | Useful Life |
|------------------------|----------------------|
| Building –factory | 30 years |
| Plant and machinery | 15 years |
| Furniture and fixtures | 10 years |
| Vehicles | 8 years and 10 years |
| Office equipment | 5 years |
| Computer equipment | 3 to 6 years |

- Leasehold land is amortised over the period of lease.
- Leasehold improvements are amortised over the initial period of lease or useful life, whichever is shorter.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

e) Intangible assets
Recognition

Using the deemed cost exemption available as per Ind AS 101, the Company has elected to carry forward the carrying value of intangible assets under Indian GAAP as on 31 March 2016 as book value of such assets under Ind AS as at the transition date i.e. 1 April 2016.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Amortisation

Intangible assets are amortized on straight-line basis over the useful life as estimated by the management.

| Intangible assets | Useful life |
|-------------------|-------------|
| Software | 5 years |

De-recognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

f) Impairment of non-financial assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss, to the extent the amount was previously charged to the statement of profit and loss.

g) Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency.

Foreign currencies
Transactions and balances
Initial recognition

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition.

Subsequent measurement

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

or loss is recognised in other comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

h) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

For the purpose of fair value disclosures, Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Investment in unquoted equity shares
- Financial instruments

i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, exclusive of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, goods and service tax etc, as the case may be. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The Company applies the revenue recognition criteria to each separately identifiable component of the sales transaction as set out below:

Sale of goods:

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

Revenue is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over or managerial involvement with, the goods, and the amount of revenue can be measured reliably. Where the payment extends beyond normal credit period interest is recovered separately.

Interest income:

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

For all financial assets measured at amortised cost (refer 'k' below), interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

Insurance and other claims

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

Benefit under duty drawback scheme

Revenue in respect of duty drawback scheme is recognized when the entitlement to receive the benefit is established.

Sales return

Refund liability arising from rights to return

A refund liability is the obligation to refund some or all of the consideration received from the customer. The Company has therefore recognized refund liabilities in respect of customer's right to return. The Company updates its estimate of refund liabilities (i.e., accrual for sales returns) at the end of each reporting period.

Right to recover returned goods arising from rights to return

An asset recognised for Company's right to recover goods from a customer on settling a refund liability was initially be measured by sale price net of margin and any expected costs to recover those products (including potential decreases in the value to the entity of returned products). At the end of each reporting period, an entity shall update the measurement of the asset arising from changes in expectations about products to be returned. The Company has presented the asset separately from the refund liability.

j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest calculated using the effective interest rate and other costs like finance charges in respect of the finance leases recognized in accordance with Ind AS 17, that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

k) Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

If the Company determines that the fair value at initial recognition differs from the transaction price, the Company accounts for that instrument at that date as follows:

- at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

Financial assets

Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

i. Financial assets at amortised cost – a financial instrument is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

ii. Financial assets at fair value

- **Investments in equity instruments other than above** – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

- **Mutual funds** – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).
- **Derivative assets** – All derivative assets are measured at fair value through profit and loss (FVTPL).

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent measurement

After initial recognition, the financial liabilities, other than derivative liabilities, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

Derivative liabilities – All derivative liabilities are measured at fair value through profit and loss (FVTPL).

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019
Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

l) Retirement and other employee benefits
Defined contribution plan

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The Company has no obligation other than the contribution payable to the Provided Fund.

Defined benefit plans

The Company operates a defined benefit gratuity plan in India. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Other short term benefits

Expense in respect of other short-term benefits is recognized on the basis of amount paid or payable for the period during which services are rendered by the employees.

m) Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of reimbursement (if any).

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

n) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

o) Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred. Lease management fees, legal charges and other initial direct costs are capitalized.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, except in case where lease rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost.

p) Income taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits (Minimum alternate tax credit entitlement) and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

q) Non-current assets or disposal group held for sale

The Company classifies non-current assets and disposal groups as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales/ distribution of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

r) Government grants and subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

s) Segment reporting

The Company's business operation comprises of single operating segment of manufacturing/trading of textile garment. Operating segment has been identified on the basis of nature of products and reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker ('CODM'). No single customer contributed 10% or more to Company's revenue.

t) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

u) Cash dividend distribution to equity holders

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

v) Recent accounting pronouncement
Ind AS 116 – Leases

Ministry of Corporate Affairs ('MCA') has notified new standard for leases which overhauls the existing standards Ind AS-17. Essentially, lessee accounting undergoes major change, while lessor accounting largely remains unchanged. As for lessee, the existing distinction between financial and operating leases goes away, and in case of every lease (other than some exceptions), the lease comes on the balance sheet as a right-to-use (RTU) asset and a corresponding lease liability representing its obligation to make lease payments.

A lessee shall apply this Standard to its leases either:

- a. Retrospectively to each prior reporting period presented applying Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, or
- b. Retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application in accordance with the requirements of Ind AS-17.

The effective date of the new standard is 1 April 2019. The management is yet to assess the impact of this new standard on the Company's financial statements.

w) Significant accounting judgements, estimates and assumptions

When preparing the financial statements management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:

Significant judgements:

- (i) Evaluation of indicators for impairment of non-financial assets and investments.

The evaluation of applicability of indicators of impairment of non-financial assets and investments requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets and investments.

- (ii) Expected credit loss

The expected credit loss reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

- (iii) Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

- (iv) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised. The recognition of deferred tax assets and reversal thereof is also dependent upon management decision relating to timing of availment of tax holiday benefits available under the Income Tax Act, 1961 which in turn is based on estimates of future taxable profits.

- (v) Contingent liabilities

The Company is subject to certain legal proceedings which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

Sources of estimation uncertainty:

- (i) Provisions

At each balance sheet date, basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding future discounts. However, the actual future outcome may be different from management's estimates.

- (ii) Recoverability of advances/receivables

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

- (iii) Right to recover returned goods and refund liabilities

At each balance sheet date, basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of valuation right to recover returned goods and refund liabilities. However, the actual future outcome may be different from management's estimates.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

2. Property, plant and equipment

| Particulars | Freehold land | Leasehold land | Buildings | Plant and equipment | Office equipment | Furniture and fixture | Vehicles | Total |
|------------------------------------|-----------------|----------------|------------------|---------------------|------------------|-----------------------|---------------|------------------|
| Gross carrying value | | | | | | | | |
| Balance as at 1 April 2017 | 3,273.12 | 17.80 | 10,968.67 | 16,228.62 | 470.89 | 723.30 | 434.72 | 32,117.12 |
| Additions during the year | 116.17 | - | 1,406.77 | 279.92 | 45.84 | 72.80 | 122.90 | 2,044.40 |
| Disposals during the year | - | - | 768.30 | 6.22 | 4.94 | 2.38 | 71.76 | 853.60 |
| Balance as at 31 March 2018 | 3,389.29 | 17.80 | 11,607.14 | 16,502.32 | 511.79 | 793.72 | 485.86 | 33,307.92 |
| Additions during the year | - | - | 109.90 | 835.79 | 93.21 | 174.63 | 62.19 | 1,275.72 |
| Disposals during the year | - | - | - | 768.89 | 5.29 | - | 4.42 | 778.60 |
| Balance as at 31 March 2019 | 3,389.29 | 17.80 | 11,717.04 | 16,569.22 | 599.71 | 968.35 | 543.63 | 33,805.04 |
| Accumulated depreciation | | | | | | | | |
| Balance as at 1 April 2017 | - | 0.23 | 2,832.90 | 12,122.91 | 350.60 | 430.93 | 232.53 | 15,970.10 |
| Additions during the year | - | 0.18 | 712.37 | 1,121.34 | 59.19 | 85.82 | 77.32 | 2,056.22 |
| Disposals during the year | - | - | 147.49 | 5.82 | 4.26 | 2.13 | 60.67 | 220.37 |
| Balance as at 31 March 2018 | - | 0.41 | 3,397.78 | 13,238.43 | 405.53 | 514.62 | 249.18 | 17,805.95 |
| Additions during the year | - | 0.18 | 754.47 | 872.79 | 67.77 | 90.48 | 83.93 | 1,869.62 |
| Disposals during the year | - | - | - | 716.99 | 4.92 | - | 3.91 | 725.82 |
| Balance as at 31 March 2019 | - | 0.59 | 4,152.25 | 13,394.23 | 468.38 | 605.10 | 329.20 | 18,949.75 |
| Net carrying amount | | | | | | | | |
| Balance as at 1 April 2017 | 3,273.12 | 17.57 | 8,135.77 | 4,105.71 | 120.29 | 292.37 | 202.19 | 16,147.02 |
| Balance as at 31 March 2018 | 3,389.29 | 17.39 | 8,209.36 | 3,263.89 | 106.26 | 279.10 | 236.68 | 15,501.97 |
| Balance as at 31 March 2019 | 3,389.29 | 17.21 | 7,564.79 | 3,174.99 | 131.33 | 363.25 | 214.43 | 14,855.29 |

Notes :

- Refer note 29 for disclosure of capital commitments for the acquisition of property, plant and equipment.
- Refer note 31 for information on property, plant and equipment pledged as security by the Company.

3. Capital work-in-progress

| | |
|---|---------------|
| Movement in capital work-in-progress | |
| Balance as at 1 April 2017 | 272.63 |
| Add: Additions during the year | 1,632.18 |
| Less: Decapitalisation during the year | 1,895.90 |
| Balance as at 31 March 2018 | 8.91 |
| Balance as at 1 April 2018 | 8.91 |
| Add: Additions during the year | 343.29 |
| Less: Decapitalisation during the year | 349.82 |
| Balance as at 31 March 2019 | 2.38 |
| Carrying value | |
| Balance as at 1 April 2017 | 272.63 |
| Balance as at 31 March 2018 | 8.91 |
| Balance as at 31 March 2019 | 2.38 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

| Particulars | Computer software | Total |
|------------------------------------|-------------------|---------------|
| 4. Intangible assets | | |
| Gross carrying value | | |
| Balance as at 1 April 2017 | 186.72 | 186.72 |
| Additions during the year | 20.82 | 20.82 |
| Balance as at 31 March 2018 | 207.54 | 207.54 |
| Additions during the year | 16.84 | 16.84 |
| Balance as at 31 March 2019 | 224.38 | 224.38 |
| Accumulated amortisation | | |
| Balance as at 1 April 2017 | 49.56 | 49.56 |
| Additions during the year | 40.06 | 40.06 |
| Balance as at 31 March 2018 | 89.62 | 89.62 |
| Additions during the year | 40.40 | 40.40 |
| Balance as at 31 March 2019 | 130.02 | 130.02 |
| Net carrying amount | | |
| Balance as at 1 April 2017 | 137.16 | 137.16 |
| Balance as at 31 March 2018 | 117.92 | 117.92 |
| Balance as at 31 March 2019 | 94.36 | 94.36 |

| | As at 31 March 2019 | | As at 31 March 2018 | | As at 1 April 2017 | |
|---|---------------------|--------|---------------------|--------|--------------------|--------|
| | Units | Amount | Units | Amount | Units | Amount |
| 5.1 Non-current investments | | | | | | |
| Investments in mutual funds (fixed maturity plan) (fully paid up) | | | | | | |
| At fair value through profit and loss | | | | | | |
| Quoted | | | | | | |
| Birla sun life fixed term plan - series JX (1,530 days) (unit of ` 10 each) | - | - | - | - | 2,000,000.00 | 262.85 |
| ICICI prudential FMP - series 76 (1,155 days) plan K direct plan cumulative (unit of ` 10 each) | - | - | - | - | 2,000,000.00 | 240.50 |
| Axis fixed term plan - series 49 (437 days) direct growth (unit of ` 10 each) | - | - | - | - | 2,500,000.00 | 326.75 |
| SBI debt fund series -B-34 (1,131 days) direct growth (unit of ` 10 each) | - | - | 2,000,000.00 | 235.50 | 2,000,000.00 | 220.46 |
| ICICI prudential FMP - series 80 (1,231 days) plan P direct plan (unit of ` 10 each) | 2,000,000.00 | 231.75 | 2,000,000.00 | 214.83 | 2,000,000.00 | 201.17 |
| Reliance fixed horizon fund XXXIII- series 6 direct growth plan (unit of ` 10 each) | 3,000,000.00 | 346.23 | 3,000,000.00 | 321.53 | 3,000,000.00 | 300.77 |
| Reliance fixed horizon fund XXXIII- series 9 direct growth plan (unit of ` 10 each) | 5,000,000.00 | 579.55 | 5,000,000.00 | 537.97 | 5,000,000.00 | 503.30 |
| Birla sun life fixed term plan series OK (1,135 days) growth direct (unit of ` 10 each) | 3,000,000.00 | 345.95 | 3,000,000.00 | 321.37 | 3,000,000.00 | 300.90 |
| Birla sun life FTP series PC direct growth (unit of ` 10 each) | 2,000,000.00 | 217.99 | 2,000,000.00 | 202.97 | - | - |
| ICICI P9230 FMP 82 (1,219 days) plan D DP cumulative (unit of ` 10 each) | 2,000,000.00 | 219.18 | 2,000,000.00 | 203.44 | - | - |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

| | As at 31 March 2019 | | As at 31 March 2018 | | As at 1 April 2017 | |
|---|---------------------|-----------------|---------------------|-----------------|--------------------|-----------------|
| | Units | Amount | Units | Amount | Units | Amount |
| ICICI P9233 FMP 82 (1,223 Days) plan E DP cumulative (unit of ` 10 each) | 2,000,000.00 | 218.87 | 2,000,000.00 | 203.14 | - | - |
| ICICI P9244 FMP 82 (1,215 Days) plan H DP cumulative (unit of ` 10 each) | 2,000,000.00 | 218.56 | 2,000,000.00 | 202.91 | - | - |
| Kotak FMP series 216 direct growth INF174K015S7 (unit of ` 10 each) | 3,000,000.00 | 326.68 | 3,000,000.00 | 303.95 | - | - |
| Kotak FMP series 217 direct growth-INF174K018TP (unit of ` 10 each) | 2,000,000.00 | 218.14 | 2,000,000.00 | 202.45 | - | - |
| Kotak FMP series 219 direct growth INF174K015U3 (unit of ` 10 each) | 2,000,000.00 | 217.26 | 2,000,000.00 | 201.68 | - | - |
| SBI debit fund series C8 direct growth (unit of ` 10 each) | 2,000,000.00 | 217.80 | 2,000,000.00 | 202.98 | - | - |
| UTI fixed term income fund series XXVIII-VI (1,190 days) (unit of ` 10 each) | 2,000,000.00 | 218.04 | 2,000,000.00 | 202.96 | - | - |
| UTI fixed term income fund series XXVIII-VIII m(1,171 days) (unit of ` 10 each) | 2,000,000.00 | 218.13 | 2,000,000.00 | 203.04 | - | - |
| Kotak FMP series 226 (1,473 days) direct growth INF174K017X3 | 3,000,000.00 | 327.56 | - | - | - | - |
| HDFC FMP (1,181 days) INF179KB16C4 | 3,000,000.00 | 325.04 | - | - | - | - |
| ICICI FMP 82 (1,141 days) plan Y DP cumulative | 3,000,000.00 | 325.38 | - | - | - | - |
| Grand total | | 4,772.11 | | 3,760.72 | | 2,356.70 |
| Aggregate cost of quoted investments | | 4,300.00 | | 3,600.00 | | 2,150.00 |
| Aggregate market value of quoted investments | | 4,772.11 | | 3,760.72 | | 2,356.70 |

Note:

- i) Refer note 31 for information on investments pledged as security by the Company.
 ii) Refer note 35 for disclosure of fair values in respect of financial assets measured at amortised cost.

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|--|------------------------|------------------------|-----------------------|
| 5.2 Loans (non-current) | | | |
| (Unsecured considered good, unless otherwise stated) | | | |
| Security deposits | 426.09 | 370.09 | 359.19 |
| | 426.09 | 370.09 | 359.19 |

Note:

- i) Refer note 35 for disclosure of fair values in respect of financial assets measured at amortised cost.

| | | | |
|---|-------------|----------|-----------------|
| 5.3 Other financial assets (non-current) | | | |
| Non-current bank balances* | 8.61 | - | 1,651.00 |
| | 8.61 | - | 1,651.00 |

*Non-current bank balances includes nil (as at 31 March 2018: nil and as at 1 April 2017: ` 1 lakhs) pledged against bank guarantees given to excise authorities, nil (as at 31 March 2018: nil and as at 1 April 2017: ` 1,650 lakhs) taken from DCB Bank are pledged against overdraft facility and ` 8.61 lakhs (as at 31 March 2018: nil and as at 1 April 2017: nil) taken from State Bank of India against the utilisation of non fund based limits.

Note:

- i) Refer note 31 for information on other financial assets pledged as security by the Company.
 ii) Refer note 35 for disclosure of fair values in respect of financial assets measured at amortised cost.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|------------------------------------|------------------------|------------------------|-----------------------|
| 6. Other non-current assets | | | |
| Capital advances | 26.10 | 18.37 | 12.22 |
| Prepaid expenses | 100.43 | 76.65 | 98.87 |
| | 126.53 | 95.02 | 111.09 |

7. Inventories

(Valued at lower of cost or net realisable value, unless otherwise stated)

| | | | |
|---|------------------|------------------|------------------|
| Raw materials | 3,154.24 | 2,935.47 | 2,450.75 |
| Work-in-progress | 729.20 | 811.69 | 470.45 |
| Finished goods (including traded goods) [refer note (i) below] | 12,453.21 | 12,134.27 | 12,877.84 |
| Right to recover returned goods [refer note (i) below] | 2,170.43 | 942.76 | 1,489.84 |
| Stores and spares | 608.70 | 529.45 | 469.72 |
| | 19,115.78 | 17,353.64 | 17,758.60 |

Note:

- i) Refer note 40 for change in accounting policy with retrospective application.
 ii) Refer note 31 for information on inventories pledged as security by the Company.

| | As at 31 March 2019 | | As at 31 March 2018 | | As at 1 April 2017 | |
|---|---------------------|--------|---------------------|--------|--------------------|--------|
| | Units | Amount | Units | Amount | Units | Amount |
| 8.1 Current investments | | | | | | |
| Investments in mutual funds (fixed maturity plan) (fully paid up) | | | | | | |
| At fair value through profit and loss | | | | | | |
| Quoted | | | | | | |
| HDFC FMP 370D April 2014(1) series 31 direct growth (unit of ` 10 each) | - | - | - | - | 1,000,000.00 | 127.66 |
| Birla sun life fixed term plan series JX (1,530 days) (unit of ` 10 each) | - | - | 2,000,000.00 | 281.40 | - | - |
| ICICI prudential FMP series 76 (1,155 days) plan K direct plan cumulative (unit of ` 10 each) | - | - | 2,000,000.00 | 257.30 | - | - |
| Axis fixed term plan series 49 (437 days) direct growth (unit of ` 10 each) | - | - | 2,500,000.00 | 349.68 | - | - |
| SBI debt fund series A1 (15 months) direct growth (unit of ` 10 each) | - | - | - | - | 1,500,000.00 | 195.37 |
| Kotak FMP series 171 direct growth (unit of ` 10 each) | - | - | - | - | 2,000,000.00 | 239.43 |
| SBI debt fund series A2 (15 months) direct growth (unit of ` 10 each) | - | - | - | - | 2,000,000.00 | 260.58 |
| HDFC FMP (478 days) January 2014 series 29 direct growth (unit of ` 10 each) | - | - | - | - | 3,000,000.00 | 392.04 |
| ICICI prudential FMP series 72 (370 days) plan G direct plan cumulative (unit of ` 10 each) | - | - | - | - | 2,000,000.00 | 259.11 |
| ICICI prudential FMP series 72 (366 days) plan K direct plan cumulative (unit of ` 10 each) | - | - | - | - | 2,000,000.00 | 259.82 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

| | As at 31 March 2019 | | As at 31 March 2018 | | As at 1 April 2017 | |
|---|---------------------|--------|---------------------|--------|--------------------|--------|
| | Units | Amount | Units | Amount | Units | Amount |
| Birla sun life fixed term plan series JY (1,162 Days) (unit of ` 10 each) | - | - | - | - | 1,000,000.00 | 129.76 |
| L&T FMP series 10 plan H direct growth (unit of ` 10 each) | - | - | - | - | 2,000,000.00 | 259.98 |
| IDFC corporate bond fund direct plan growth (units of ` 10.06 each) | 1,987,992.53 | 255.66 | 1,987,992.53 | 237.96 | 1,987,992.53 | 222.97 |
| IDFC super saver income fund medium term plan growth (direct growth) (unit of ` 25.83 each) | 774,296.46 | 252.29 | 774,296.46 | 233.47 | 774,296.46 | 221.11 |
| Birla sun life dynamic bond fund retail growth direct plan (unit of ` 26.12 each) | 382,899.70 | 125.22 | 382,899.70 | 118.13 | 382,899.70 | 113.79 |
| ICICI prudential income opportunities fund direct plan growth (unit of ` 21 each) | 952,294.79 | 251.60 | 952,294.79 | 235.79 | 952,294.79 | 222.13 |
| UTI fixed term income fund series XVII-X direct growth plan (unit of ` 10 each) | - | - | - | - | 2,000,000.00 | 260.31 |
| UTI fixed term income fund series XVII-XVI (367 days) direct growth plan (unit of ` 10 each) | - | - | - | - | 2,000,000.00 | 259.57 |
| UTI fixed term income fund series XVIII-VII (368 days) direct growth plan (unit of ` 10 each) | - | - | - | - | 1,500,000.00 | 191.26 |
| Birla sun life corporate bond fund growth regular (unit of ` 11.81 each) | 4,232,553.42 | 578.79 | 4,232,553.42 | 547.72 | 4,232,553.42 | 506.40 |
| Birla sun life medium term plan growth direct plan (unit of ` 20.69 each) | 2,416,100.90 | 573.54 | 2,416,100.90 | 548.92 | 2,416,100.90 | 505.83 |
| Birla sun life treasury optimizer plan growth direct plan (unit of ` 208.15 each) | 96,083.26 | 232.53 | 96,083.26 | 215.73 | 96,083.26 | 202.10 |
| HDFC corporate debt opportunities fund direct growth (unit of ` 13.79 each) | 2,175,315.97 | 346.28 | 2,175,315.97 | 324.86 | 2,175,315.97 | 302.90 |
| ICICI prudential income opportunities fund direct plan growth (unit of ` 23.08 each) | 1,299,573.31 | 343.36 | 1,299,573.31 | 321.77 | 1,299,573.31 | 303.14 |
| IDFC corporate bond fund direct plan growth (unit of ` 11.15 each) | 2,690,028.07 | 345.95 | 2,690,028.07 | 322.00 | 2,690,028.07 | 301.71 |
| IDFC dynamic bond fund growth direct plan (unit of ` 20.53 each) | 2,435,341.68 | 573.68 | 2,435,341.68 | 526.28 | 2,435,341.68 | 510.24 |
| IDFC monthly income plan growth (direct plan) (unit of ` 19.82 each) | 1,513,676.06 | 343.15 | 1,513,676.06 | 321.43 | 1,513,676.06 | 305.43 |
| Reliance corporate bond fund direct growth plan (unit of ` 13.24 each) | 3,775,693.60 | 579.46 | 3,775,693.60 | 546.70 | 3,775,693.60 | 508.57 |
| SBI dynamic bond fund direct growth plan (unit of ` 20.90 each) | 1,435,557.81 | 342.53 | 1,435,557.81 | 316.04 | 1,435,557.81 | 303.70 |
| UTI dynamic bond fund direct growth plan (unit of ` 19.34 each) | 2,584,954.53 | 556.30 | 2,584,954.53 | 535.42 | 2,584,954.53 | 508.61 |
| Kotak income opportunities fund growth (regular plan) (unit of ` 17.78 each) | 2,811,753.13 | 571.99 | 2,811,753.13 | 537.76 | 2,811,753.13 | 504.54 |
| Kotak medium term fund direct plan - growth (unit of ` 13.81 each) | 2,172,732.21 | 347.51 | 2,172,732.21 | 325.69 | 2,172,732.21 | 302.95 |
| L&T RICBF direct growth plan (unit of ` 11.40 each) | 1,316,205.12 | 185.64 | 1,316,205.12 | 175.85 | 1,316,205.12 | 164.23 |
| UTI income opportunities fund direct growth plan (unit of ` 15.52 each) | 3,222,417.72 | 580.36 | 3,222,417.72 | 544.07 | 3,222,417.72 | 504.68 |
| IDFC monthly income plan ISIN No: INF194K (unit of ` 20.50 each) | 975,647.83 | 221.18 | 975,647.83 | 207.18 | - | - |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless stated otherwise)

| | As at 31 March 2019 | | As at 31 March 2018 | | As at 1 April 2017 | |
|---|---------------------|-----------------|---------------------|-----------------|--------------------|-----------------|
| | Units | Amount | Units | Amount | Units | Amount |
| IDFC super saver income fundgrowth INF19 (unit of ₹ 29.06 each) | 1,032,215.44 | 336.33 | 1,032,215.44 | 311.26 | - | - |
| HDFC medium term opp fund INF179K01XD8M (unit of ₹ 18.53 each) | 1,079,132.81 | 225.92 | 1,079,132.81 | 209.43 | - | - |
| ICICI prudential income opp direct plan (unit of ₹ 23.95 each) | 835,093.99 | 220.64 | 835,093.99 | 206.77 | - | - |
| HDFC medium term opp fund INF179K01XD8M (unit of ₹ 18.57 each) | 1,615,221.85 | 338.16 | 1,615,221.85 | 313.48 | - | - |
| SBI debt fund series B-34 (1,132 Days) direct growth (unit of ₹ 10 each) | 2,000,000.00 | 252.75 | - | - | - | - |
| Grand total | | 8,980.82 | | 9,072.09 | | 9,349.92 |
| Aggregate cost of quoted investments | | 7,750.00 | | 8,200.00 | | 8,550.00 |
| Aggregate market value of quoted investments | | 8,980.82 | | 9,072.09 | | 9,349.92 |

Notes:

- Refer note 31 for information on investments pledged as security by the Company.
- Refer note 35 for disclosure of fair values in respect of financial assets measured at amortised cost.

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|--|------------------------|------------------------|-----------------------|
| 8.2 Trade receivables | | | |
| (Unsecured considered good, unless otherwise stated) | | | |
| Trade receivables* | 21,985.28 | 18,996.70 | 14,630.84 |
| | 21,985.28 | 18,996.70 | 14,630.84 |
| *Includes amounts due from entities in which directors of the Company are able to exercise control or have significant influence (refer note 39) | 0.32 | 4.71 | 27.88 |

Notes:

- Refer note 31 for information on trade receivables pledged as security by the Company.
- Refer note 35 for disclosure of fair values in respect of financial assets measured at amortised cost.

| | | | |
|---|-----------------|---------------|--------------|
| 8.3 Cash and cash equivalents | | | |
| Cash in hand [including postal stamps in hand of ₹ 273 (as at 31 March 2018: ₹ 273 and as at 1 April 2017: ₹ 713)] | 26.96 | 42.94 | 49.05 |
| Balance with banks in current accounts | 45.58 | 109.29 | 20.44 |
| Deposits with original maturity less than three months | 3,193.00 | - | - |
| | 3,265.54 | 152.23 | 69.49 |

Note:

- Refer note 31 for information on cash and cash equivalents pledged as security by the Company.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|--|------------------------|------------------------|-----------------------|
| 8.4 Other bank balances | | | |
| Unpaid dividend account | 13.11 | 6.43 | 4.08 |
| Deposits with original maturity more than three months but remaining maturity of less than twelve months | 212.25 | 1,653.37 | 2,523.79 |
| | 225.36 | 1,659.80 | 2,527.87 |

Notes:

- Deposits with original maturity more than three months but remaining maturity of less than twelve months includes nil (as at 31 March 2018: ` 1,650 lakhs and as at 1 April 2017: ` 2,500 lakhs) taken from DCB Bank are pledged against overdraft facility and ` 212.25 lakhs (as at 31 March 2018: ` 3.37 lakhs and as at 1 April 2017: ` 23.79 Lakhs) taken from State Bank of India are pledged against the utilisation of non fund based limits.
- Other bank balances include ` 13.11 lakhs (as at 31 March 2018: ` 6.43 lakhs and as at 1 April 2017: ` 4.08 lakhs) held in dividend accounts which is not available for use by the Company.
- Refer note 31 for information on other bank balances pledged as security by the Company.

| | | | |
|--|---------------|--------------|--------------|
| 8.5 Loans (current) | | | |
| (Unsecured considered good, unless otherwise stated) | | | |
| Loan to employees | 37.91 | 24.57 | 36.68 |
| Security deposits | 81.13 | 26.12 | - |
| | 119.04 | 50.69 | 36.68 |

Note:

- Refer note 35 for disclosure of fair values in respect of financial assets measured at amortised cost.
- Refer note 31 for information on loans pledged as security by the Company.

| | | | |
|--|--------------|---------------|---------------|
| 8.6 Other financial assets | | | |
| Interest accrued but not due on fixed deposits | 1.57 | 207.95 | 273.26 |
| Interest subsidy receivable | 52.91 | 63.66 | 154.26 |
| | 54.48 | 271.61 | 427.52 |

Note:

- Refer note 35 for disclosure of fair values in respect of financial assets measured at amortised cost.
- Refer note 31 for information on other financial assets pledged as security by the Company.

9. Other current assets

| | | | |
|--|-----------------|-----------------|-----------------|
| Advances to suppliers* | 1,121.24 | 1,213.92 | 587.45 |
| Prepaid expenses | 118.79 | 108.72 | 98.70 |
| Balances with statutory and government authorities | 1,524.44 | 1,464.94 | 771.50 |
| Others recoverable** | 418.05 | 9.24 | 36.96 |
| | 3,182.52 | 2,796.82 | 1,494.61 |

*Includes amounts due from entities in which directors of the Company are able to exercise control or have significant influence (refer note 39)

0.17 211.64 28.90

**Includes amounts due from relatives of key management personnel (refer note 39)

- 0.10 0.10

Note:

- Refer note 31 for information on other current assets pledged as security by the Company.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless stated otherwise)

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|--|------------------------|------------------------|-----------------------|
| 10. Equity share capital | | | |
| Authorised capital | | | |
| 25,000,000 equity shares of ₹ 10 each (as at 31 March 2018: 25,000,000 and as at 1 April 2017: 25,000,000) | 2,500.00 | 2,500.00 | 2,500.00 |
| | 2,500.00 | 2,500.00 | 2,500.00 |
| Issued, subscribed and fully paid up | | | |
| 20,732,064 equity shares of ₹ 10 each (as at 31 March 2018: 21,732,064 and as at 1 April 2017: 21,732,064) | 2,073.21 | 2,173.21 | 2,173.21 |
| | 2,073.21 | 2,173.21 | 2,173.21 |

Notes:**i) Reconciliation of equity shares outstanding at the beginning and at the end of the year**

| | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---------------------|-----------------|---------------------|-----------------|
| | Number of shares | Amount | Number of shares | Amount |
| Balance at the beginning of the year | 21,732,064 | 2,173.21 | 21,732,064 | 2,173.21 |
| Buy-back of equity shares during the year [refer note (vi) below] | (1,000,000) | (100.00) | - | - |
| Balance at the end of the year | 20,732,064 | 2,073.21 | 21,732,064 | 2,173.21 |

- ii) The Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii) Shareholders holding more than 5% of the shares

| | As at 31 March 2019 | | As at 31 March 2018 | | As at 1 April 2017 | |
|--|---------------------|--------------------|---------------------|--------------------|--------------------|--------------------|
| | Number of shares | % of share-holding | Number of shares | % of share-holding | Number of shares | % of share-holding |
| Sidhant & Mannat Company Limited | 5,229,714 | 25.23 | 5,229,714 | 24.06 | 5,229,714 | 24.06 |
| Simran & Shanaya Company Limited | 4,404,000 | 21.24 | 4,404,000 | 20.26 | 4,404,000 | 20.26 |
| Kanchi Investments Limited | 1,948,206 | 9.40 | 2,376,570 | 10.94 | 2,376,570 | 10.94 |
| Nahar Capital and Financial Services Limited | 1,651,215 | 7.96 | 1,651,215 | 7.60 | 1,651,215 | 7.60 |
| Nagdevi Trading and Investment Company Limited | 1,185,150 | 5.72 | 1,185,150 | 5.45 | 1,185,150 | 5.45 |
| | 14,418,285 | 69.55 | 14,846,649 | 68.31 | 14,846,649 | 68.31 |

- iv) The Company does not have any holding or subsidiary Company.
- v) The Company has not issued any share pursuant to a contract without payment being received in cash in the current year and preceding five years. The Company has not issued any bonus shares in the current year and preceding five years.
- vi) The Company issued public announcement dated 8 February 2019 for buy-back of 1,000,000 equity shares of face value of ₹ 10 each from its existing shareholders as on the record date of 22 February 2019 on a proportionate basis through "Tender Offer" route in accordance with the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 and the Companies Act, 2013 at a price of ₹ 550 per equity share, aggregating to ₹ 5,500 lakh. The tendering period for buy-back offer remained open from 19 March 2019 to 2 April 2019 and the settlement in respect of shares bought back have been completed on 10 April 2019. Extinguishment of the shares bought back have been completed on 11 April 2019. Consequent to the said buy-back and in accordance with the Ind AS 10 and 32, ₹ 100 lakhs has been reclassified from equity and ₹ 5,400 lakhs has been reclassified from other equity to other current financial liabilities.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

| | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| 11. Other equity | | |
| i) Capital reserves | | |
| Balance at the beginning of the year | 0.01 | 0.01 |
| Add: Additions during the year | - | - |
| Balance at the end of the year | 0.01 | 0.01 |
| ii) Capital redemption reserve | | |
| Balance at the beginning of the year | - | - |
| Add: Additions during the year | 100.00 | - |
| Balance at the end of the year | 100.00 | - |
| iii) Securities premium reserve | | |
| Balance at the beginning of the year | 12,869.76 | 12,869.76 |
| Add: Additions during the year | - | - |
| Less: Buy-back of equity shares | (5,400.00) | - |
| Balance at the end of the year | 7,469.76 | 12,869.76 |
| iv) Corporate social responsibility reserve | | |
| Balance at the beginning of the year | 302.92 | 146.72 |
| Add: Transfer to/(from) general reserve | - | 156.20 |
| Less: Transfer to general reserve | (302.92) | - |
| Balance at the end of the year | - | 302.92 |
| v) Special reserve | | |
| Balance at the beginning of the year | 24,222.55 | 22,430.91 |
| Add: Transfer from general reserve* | - | 1,791.64 |
| Less: Transfer to general reserve** | (24,222.55) | - |
| Balance at the end of the year | - | 24,222.55 |

*The Company has transferred nil (as at 31 March 2018: ` 1,791.64 lakhs) to special reserve for the purpose of future acquisitions of any brand or business in line with the existing business of the Company to facilitate the expansion of its operations.

**The Company has transferred ` 24,222.55 (as at 31 March 2018: Nil) to general reserve vide board resolution dated 13 November 2018 and these reserves are now available for the purpose of distribution of dividend as per provisions of the Section 2(43) of the Companies Act, 2013.

| | | |
|--|------------------|------------------|
| vi) General reserve | | |
| Balance at the beginning of the year | 12,753.19 | 10,701.03 |
| Add: Transfer from retained earnings | 1,000.00 | 4,000.00 |
| Less: Transfer to special reserve | - | (1,791.64) |
| Less: Transfer to corporate social responsibility reserve | - | (156.20) |
| Add: Transfer from special reserve | 24,222.55 | - |
| Less: Buy-back related expenses | (44.57) | - |
| Add: Transfer from corporate social responsibility reserve | 302.92 | - |
| Less: Transfer to capital redemption reserve | (100.00) | - |
| Balance at the end of the year | 38,134.09 | 12,753.19 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless stated otherwise)

| | As at 31 March 2019 | As at 31 March 2018 |
|--|--------------------------------|--------------------------------|
| vii) Retained earnings | | |
| Balance at the beginning of the year (as originally presented) | 572.08 | 1,267.64 |
| Change in accounting policy (refer note 40) | (1,752.10) | (2,571.41) |
| Restated balance | (1,180.02) | (1,303.77) |
| Add: Profit for the year (refer note 40) | 5,959.61 | 6,791.47 |
| Add: Other comprehensive income for the year (net of tax) | (40.61) | (52.08) |
| Less: Dividend | (2,607.85) | (2,173.22) |
| Less: Dividend distribution tax | (536.05) | (442.42) |
| Less: Transfer to general reserve | (1,000.00) | (4,000.00) |
| Balance at the end of the year | 595.08 | (1,180.02) |
| Total other equity (i+ii+iii+iv+v+vi+vii) | 46,298.94 | 48,968.41 |

*Board of Directors have not recommended dividend as at 31 March 2019 (declared 120% as at 31 March 2018 and declared 100% as at 1 April 2017) amounting to nil (as at 31 March 2018 ₹ 12 per share and as at 1 April 2017 ₹ 10 per share). The dividend recommended by the Board of Directors in previous year was subject to the approval of shareholders in the annual general meeting held during the current year. In accordance with the revised Indian Accounting Standard 10 'Events after the Reporting Period' proposed dividend for the previous year and corporate dividend tax thereon had not been recognised as a distribution of profits in the previous year's accounts.

Nature and purpose of reserves
Capital reserve

The reserve comprises of profits/gains of capital nature earned by the Company and credited directly to such reserve. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

Capital redemption reserve

Capital redemption reserve is a reserve created on buy-back of equity shares in accordance with section 69 of the Companies Act, 2013. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

Securities premium reserve

Securities premium reserve comprises of the premium on issue of shares. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

Corporate social responsibility ('CSR') reserve

Corporate social responsibility reserve comprises of the amount set aside to contribute towards its corporate social responsibility obligations. The reserve would be utilised as and when the Company is ready to go ahead for the project. The Company has spent ₹ 302.92 lakhs for the CSR activities during the year ended 31 March 2019. Accordingly, the amount set aside for CSR purposes has been transferred to general reserve and corresponding expense has been recognised in statement of profit and loss (refer note 26 and 33).

Special reserve

This reserve represents appropriation of certain percentage of profits for the purpose of future acquisitions of any brand or business in line with the existing business of the Company to facilitate the expansion of its operations. The Company has transferred ₹ 24,222.55 lakhs (as at 31 March 2018: nil) to general reserve vide board resolution dated 13 November 2018 and these reserves are now available for the purpose of distribution of dividend as per provisions of the Section 2(43) of the Companies Act, 2013.

General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Retained earnings

Retained earnings refer to net earnings not paid out as dividends, but retained by the Company to be reinvested in its core business. This amount is available for distribution of dividends to its equity shareholders.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|--|------------------------|------------------------|-----------------------|
| 12.1 Borrowings (non-current) | | | |
| (Secured) | | | |
| Term loan from banks | 1,577.96 | 1,538.38 | 3,104.85 |
| Less: current maturities on borrowings (refer note 15.3) | 291.31 | 256.40 | 1,566.40 |
| | 1,286.65 | 1,281.98 | 1,538.45 |

Notes:

- i) Refer note 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

ii) **Security for term loans:**

- a) **Security in respect of term loan facility sanctioned of ` 4,985.00 lakhs by State Bank of India:**

Primary security:

First pari-passu charge on the Company's entire present and future movable and immovable fixed assets including equitable mortgage of factory land held in the name of the Company.

Collateral security:

Second pari-passu charge on current assets of the Company (present and future)

- b) **Security in respect of term loan facility sanctioned of ` 13,086.00 lakhs by Indian Bank:**

Primary security:

First pari-passu charge on the Company's entire present and future movable and immovable fixed assets.

Collateral security:

Second pari-passu charge on current assets of the Company (present and future)

Personal guarantee:

Shri. Jawahar Lal Oswal

Shri. Kamal Oswal

Shri. Dinesh Oswal

- c) **Security in respect of term loan facility sanctioned of ` 1,332.00 lakhs by State Bank of India:**

Primary security:

Hypothecation of all fixed assets (present & future) including plant & machinery proposed to be purchased from fresh term loan and equitable mortgage of properties

Collateral security:

Second pari-passu charge on current assets of the Company (present and future)

Personal guarantee:

Shri. Jawahar Lal Oswal

Shri. Kamal Oswal

Shri. Dinesh Oswal

iii) **Terms of repayment**

Repayment terms of the loans are as follows:

- a) Term loan from State Bank of India amounting to ` 1,281.98 lakhs (as at 31 March 2018 ` 1,538.38 lakhs and as at 1 April 2017 ` 1794.77 lakhs) [(sanctioned amount ` 4,985 lakhs and disbursed amount ` 2,326.21 lakhs)] repayment of which commenced from 30 June 2016, carrying interest rate of 0.65% above one year marginal cost of lending rate (MCLR), is repayable in 20 quarterly instalments of ` 64.10 lakhs each which would be due for repayment on 31 March 2024.
- b) Term loan from Indian Bank amounting to nil (as at 31 March 2018 nil and as at 1 April 2017 ` 1,310.08 lakhs) repayment of which commenced from 30 September 2013 carrying interest rate of 1.5% over base rate, has been repaid during the previous year.
- c) Term loan from State Bank of India amounting to ` 295.98 lakhs (as at 31 March 2018 nil and as at 1 April 2017 nil) repayment of which will commence from 8 September 2019 carrying interest rate of 0.70% over MCLR 1Y, present effective rate 9.25% p.a with monthly rests, is repayable in 25 monthly instalments of ` 51 lakhs each and last installment of ` 57 lakhs which would be due for repayment on 8 December 2025.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless stated otherwise)

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|---|------------------------|------------------------|-----------------------|
| 12.2 Other financial liabilities | | | |
| Security deposits from customers | 1,532.57 | 1,341.23 | 1,234.93 |
| | 1,532.57 | 1,341.23 | 1,234.93 |

Note:

- i) Refer note 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

| | | | |
|--|---------------|---------------|--------------|
| 13. Other non-current liabilities | | | |
| Deferred income-government grant | 131.07 | 144.95 | - |
| Deferred income-others | - | 1.69 | 15.18 |
| | 131.07 | 146.64 | 15.18 |

14. Provisions

| | | | |
|--|---------------|---------------|--------------|
| Provision for gratuity (refer note 32) | 203.06 | 150.65 | 92.68 |
| | 203.06 | 150.65 | 92.68 |

15.1 Borrowings (current)

| | | | |
|----------------------------------|-----------------|-----------------|-----------------|
| (Secured) | | | |
| Working capital loans from banks | 3,174.06 | 4,033.55 | 3,438.09 |
| | 3,174.06 | 4,033.55 | 3,438.09 |

Notes:

- i) Refer note 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

ii) Details of rate of interest, terms of repayment and security for working capital loans from banks:

Working capital loans from State Bank of India is carrying interest rate of 0.15% above MCLR (as at 31 March 2018 0.15% and as at 1 April 2017 0.35% over base rate).

Working capital loans from Allahabad Bank is carrying interest rate of nil (as at 31 March 2018 nil and as at 1 April 2017 0.80%) over base rate.

Terms of repayment:

Working capital loans are repayable on demand.

Security in respect of working capital loans availed from State Bank of India (as at 1 April 2017 through consortium arrangement of Allahabad Bank, Federal Bank and State Bank of India)

Primary security:

First pari-passu charge on the all current assets of the Company (present and future).

Collateral security:

Second pari-passu charge on the Company's entire present and future block of assets of the Company including equitable mortgage of factory land held in the name of the Company.

- (1) Plot No. 231, measuring 4,880 sq. yards at Industrial Area A, Ludhiana. (Sale deed no. 2640 dated 20 September 1956)
- (2) Plot No. 232, measuring 4,095 sq. yards at Industrial Area A, Ludhiana (Sale deed no. 2135 dated 07 September 1964)
- (3) Land measuring 14,278 sq. yards at Sherpur Kalan, GT Road, Ludhiana (Sale deed no. 14397 dated 13 October 2011)
- (4) Part of Plot No. 172 bearing M.C. No. B-XXIII-66/1 in Industrial Area-A, Ludhiana measuring 117.50 sq. yards (Sale deed no. 14721 dated 14 January 1986)

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

- (5) Part of Plot No. 172 bearing M.C. No. B-XXIII-66/1 in Industrial Area-A, Ludhiana measuring 117.50 sq. yards (Sale deed no. 15516 dated 27 January 1986)
- (6) Part of Plot No. 172 bearing M.C. No. B-XXIII-66/1 in Industrial Area-A, Ludhiana measuring 125 sq. yards (Sale deed no. 14722 dated 14 January 1986)
- (7) Part of Plot No. 172 bearing M.C. No. B-XXIII-66/1 in Industrial Area-A, Ludhiana measuring 125 sq. yards (Sale deed no. 15517 dated 27 January 1986)

Personal guarantee:

Shri. Jawahar Lal Oswal

Shri. Kamal Oswal

Shri. Dinesh Oswal

Details of rate of interest, terms of repayment and security for overdraft borrowings from banks:

Overdraft borrowings from DCB Bank is carrying interest rate of nil (as at 31 March 2018: 0.35% and as at 1 April 2017: 0.35%) over fixed deposit rate, overdraft borrowing from Federal Bank carrying interest rate of 1.24% (as at 31 March 2018: 1.24% and as at 1 April 2017: nil) over treasury bill rate and overdraft borrowings from Yes Bank is carrying interest rate of nil (as at 31 March 2018: nil and as at 1 April 2017: 0.40%) over fixed deposit rate.

Terms of repayment:

Overdraft borrowings are repayable on demand.

Primary security:

First pari-passu charge created on fixed deposits with DCB Bank and first pari-passu charge created on mutual funds with Federal Bank.

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|--|------------------------|------------------------|-----------------------|
| 15.2 Trade payables | | | |
| Total outstanding dues of micro enterprises and small enterprises (refer note 34) | 293.06 | 446.04 | 323.88 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises* | 13,161.90 | 10,570.91 | 10,008.79 |
| | 13,454.96 | 11,016.95 | 10,332.67 |
| *Includes amounts due to entities in which directors of the Company are able to exercise control or have significant influence (refer note 39) | 2,187.47 | 1,885.54 | 2,562.37 |

Note:

- i) Refer note 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|--|------------------------|------------------------|-----------------------|
| 15.3 Other financial liabilities | | | |
| Current maturities of long-term loans from banks (refer note 12.1) | 291.31 | 256.40 | 1,566.40 |
| Interest accrued and due on borrowings | 12.32 | 12.43 | 11.30 |
| Creditors for capital goods | 163.18 | 41.10 | 78.82 |
| Security deposits from customers | 203.95 | 175.47 | 112.27 |
| Unpaid dividend [refer note (i) below] | 13.11 | 6.43 | 4.08 |
| Buy-back liability (refer note 10 and 11) | 5,500.00 | - | - |
| Refund liability [refer note (iii) below] | 3,045.24 | 1,232.43 | 1,790.46 |
| Employee related payables* | 625.26 | 547.99 | 643.67 |
| | 9,854.37 | 2,272.25 | 4,207.00 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless stated otherwise)

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|---|------------------------|------------------------|-----------------------|
| *Includes amounts due to key management personnel (refer note 39) | 54.61 | 30.82 | 17.94 |
| *Includes amounts due to relative of key management personnel (refer note 39) | - | 1.78 | 0.71 |

Notes:

- There are no amounts due for payment to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013 as at the year end.
- Refer note 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.
- Refer note 40 for change in accounting policy with retrospective application.

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|--------------------------------------|------------------------|------------------------|-----------------------|
| 16. Other current liabilities | | | |
| Advances from customers* | 393.86 | 501.88 | 665.20 |
| Statutory dues | 293.47 | 197.50 | 382.15 |
| Deferred income-government grants | 13.88 | 13.88 | - |
| Deferred income-others | - | 6.79 | 14.36 |
| Others | 0.13 | 0.13 | 188.63 |
| | 701.34 | 720.18 | 1,250.34 |

*Includes amounts due to entities in which directors of the Company are able to exercise control or have significant influence (refer note 39)

- 9.52 -

| | | | |
|--|---------------|---------------|---------------|
| 17. Provisions | | | |
| Provision for gratuity (refer note 32) | 70.78 | 144.95 | 120.56 |
| Provision for discount* | 53.14 | 36.18 | 39.90 |
| | 123.92 | 181.13 | 160.46 |

Movement in provisions*Provision for discount**

| | |
|---|--------------|
| Balance as at 1 April 2017 | 39.90 |
| Add: Provision recognised during the year | 36.18 |
| Less: Provision utilised during the year | 39.90 |
| Balance as at 31 March 2018 | 36.18 |
| Balance as at 1 April 2018 | 36.18 |
| Add: Provision recognised during the year | 53.14 |
| Less: Provision utilised during the year | 36.18 |
| Balance as at 31 March 2019 | 53.14 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|--|-------------------------------------|-------------------------------------|
| 18. Revenue from operations | | |
| Disaggregated Revenue Information | | |
| Sale of products (Refer notes below) | | |
| Export | 110.54 | 95.88 |
| Domestic | 65,396.42 | 57,423.58 |
| | 65,506.96 | 57,519.46 |
| Other operating revenue | | |
| Insurance recovered from customers | 116.63 | 107.53 |
| Government grants | 13.88 | 10.27 |
| | 65,637.47 | 57,637.26 |

Notes:**i) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price**

| | | |
|--|------------------|------------------|
| Gross sale of products | 82,110.69 | 67,325.19 |
| Less: Adjustment on account of returns | (10,383.75) | (5,545.61) |
| Less: Adjustment on account of discounts | (6,219.98) | (4,260.12) |
| | 65,506.96 | 57,519.46 |

ii) Contract balances

| | | |
|---|-----------|-----------|
| Trade receivables (refer note 8.2) | 21,985.28 | 18,996.70 |
| Right to recover returned goods (refer note 7 and 40) | 2,170.43 | 942.76 |
| Advance from customers (refer note 16) | 393.86 | 501.88 |
| Refund liability (refer note 15.3 and 40) | 3,045.24 | 1,232.43 |

iii) Refer note 40 for change in accounting policy with retrospective application.

| | | |
|---|-----------------|-----------------|
| 19. Other Income | | |
| Interest income | | |
| - from banks | 99.80 | 254.52 |
| - others | 369.27 | 626.23 |
| Foreign exchange fluctuation (net) | 4.99 | 7.32 |
| Provisions no longer required, written back | - | 22.12 |
| Profit on sale of property, plant and equipment (net) | - | 101.22 |
| Profit on sale of investments (net) | 2.40 | 16.47 |
| Fair valuation of investments through profit and loss | 908.49 | 674.32 |
| CST/VAT refund | 338.78 | - |
| Miscellaneous | 99.12 | 76.37 |
| | 1,822.85 | 1,778.57 |

20. Cost of materials consumed

| | | |
|---|------------------|------------------|
| Opening stock of raw materials | 2,935.47 | 2,450.75 |
| Add: Purchases of raw materials during the year | 16,623.91 | 13,959.79 |
| | 19,559.38 | 16,410.54 |
| Less: Closing stock of raw materials | 3,154.24 | 2,935.47 |
| | 16,405.14 | 13,475.07 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless stated otherwise)

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|--|---|---|
| 21. Purchases of stock-in-trade | | |
| Purchases of stock-in-trade (refer note below) | 19,498.38 | 14,956.86 |
| | 19,498.38 | 14,956.86 |

Note:

- i) Refer note 40 for change in accounting policy with retrospective application.

22. Changes in inventories of finished goods, work-in-process and traded goods

| | | |
|--|-------------------|------------------|
| Opening stock (refer note below) | | |
| Finished goods (including traded goods) | 12,134.27 | 12,877.84 |
| Right to recover returned goods | 942.76 | 1,489.84 |
| Work-in-process | 811.69 | 470.45 |
| | 13,888.72 | 14,838.13 |
| Closing stock | | |
| Finished goods (including traded goods) | 12,453.21 | 12,134.27 |
| Right to recover returned goods | 2,170.43 | 942.76 |
| Work-in-process | 729.20 | 811.69 |
| | 15,352.84 | 13,888.72 |
| Impact of excise duty on opening/closing stock | - | (160.50) |
| | (1,464.12) | 788.91 |

Note:

- i) Refer note 40 for change in accounting policy with retrospective application.

23. Employee benefit expense

| | | |
|---|-----------------|-----------------|
| Salary, wages and bonus | 5,143.83 | 4,503.52 |
| Contribution to provident and other funds (refer note 32) | 452.54 | 413.45 |
| Gratuity expense (refer note 32) | 118.24 | 178.30 |
| Staff welfare expenses | 234.58 | 211.68 |
| | 5,949.19 | 5,306.95 |

24. Finance costs

| | | |
|-----------------------|---------------|---------------|
| Interest expense | | |
| to banks | 754.01 | 627.63 |
| others | 140.57 | 138.93 |
| Other borrowings cost | 0.03 | 5.06 |
| | 894.61 | 771.62 |

25. Depreciation and amortisation expense

| | | |
|--|-----------------|-----------------|
| Depreciation on property, plant and equipment (refer note 2) | 1,869.43 | 2,056.04 |
| Amortisation of intangible assets (refer note 4) | 40.40 | 40.06 |
| Amortisation of leasehold land (refer note 2) | 0.18 | 0.18 |
| | 1,910.01 | 2,096.28 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|--|-------------------------------------|-------------------------------------|
| 26. Other expenses | | |
| Power and fuel | 566.95 | 522.46 |
| Consumption of stores and spares parts | 3,770.12 | 2,831.02 |
| Rent [refer note 29(b)] | 1,464.37 | 1,356.97 |
| Repairs to | | |
| - building | 60.61 | 43.68 |
| - machinery | 149.03 | 116.96 |
| others | 408.36 | 337.01 |
| Insurance | 70.34 | 74.22 |
| Legal and professional expenses* | 170.91 | 177.07 |
| Rates and taxes | 25.03 | 26.27 |
| Travelling and conveyance | 398.23 | 323.68 |
| Processing charges | 1,148.89 | 1,068.76 |
| Commission on sale | 1,279.73 | 1,126.52 |
| Freight and forwarding expenses | 981.66 | 788.45 |
| Advertisement expenses | 3,599.56 | 2,484.29 |
| Amounts written off | 116.86 | 62.87 |
| CST/VAT reversal | - | 35.95 |
| Communication expenses | 57.61 | 48.71 |
| Corporate social responsibility expenses (refer note 33) | 465.63 | 8.18 |
| Loss on sale of property, plant and equipment (net) | 17.99 | - |
| Miscellaneous | 662.36 | 319.07 |
| | 15,414.24 | 11,752.14 |
| *Includes payment to auditors | | |
| As Auditor: | | |
| - Audit fee* | 27.50 | 27.50 |
| - Tax audit | 1.58 | 1.58 |
| - Out of pocket expenses | 2.17 | 1.66 |
| | 31.25 | 30.74 |

*Other than this, certification fees aggregating ` 2.50 lakhs, amongst other buy-back related expenses, have been adjusted against other equity [refer note 11(vi)]

| | | |
|---|-----------------|-----------------|
| 27. Income tax expense (refer notes below) | | |
| Tax expense recognized in the statement of profit and loss | | |
| Current tax | | |
| Current tax | 2,272.37 | 3,075.54 |
| Total current tax expense | 2,272.37 | 3,075.54 |
| Deferred tax | | |
| Deferred tax charge | 620.89 | 358.23 |
| Total deferred income | 620.89 | 358.23 |
| Tax in respect of earlier years | - | - |
| Total income tax expense | 2,893.25 | 3,433.77 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

Notes:

(All amounts in ₹ lakhs, unless stated otherwise)

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|-------------------------------------|-------------------------------------|
| i) Reconciliation of tax liability on book profit vis-à-vis actual tax liability | | |
| Accounting profit before income tax | 8,852.87 | 10,225.24 |
| Enacted tax rate | 34.94% | 34.61% |
| Current tax expenses on profit before tax at the enacted income tax rate in India | 3,093.55 | 3,538.75 |
| Non-deductible temporary differences | 170.59 | (2.86) |
| Tax on income at different-rates | (317.46) | (173.50) |
| Deferred tax rate adjustments | - | 76.37 |
| Other adjustments | (53.43) | (4.99) |
| Income tax expense reported in the statement of profit and loss | 2,893.25 | 3,433.77 |

ii) The movement in deferred tax assets and liabilities during the year ended 31 March 2019, 31 March 2018 and 1 April 2017

| | Balance Sheet | | | Statement of profit and loss | |
|--|------------------|-------------------|-------------------|------------------------------|------------------|
| | 31 March 2019 | 31 March 2018 | 1 April 2017 | 31 March 2019 | 31 March 2018 |
| Accelerated depreciation for tax purposes | (303.21) | (277.61) | (206.19) | (25.60) | (71.42) |
| Expenditure incurred u/s 35D of the Income-tax act, 1961 | - | 0.01 | (1.36) | (0.01) | 1.37 |
| Refund liabilities (net of right to receive goods) | (305.69) | (100.21) | (104.04) | (205.48) | 3.83 |
| Provision for discount | (18.57) | (13.14) | (13.82) | (5.43) | 0.68 |
| Employee benefits | (15.95) | (22.94) | (67.84) | 6.99 | 44.90 |
| Expenditure incurred u/s 43B of the Income-tax act, 1961 | (88.93) | (75.84) | (102.90) | (13.09) | 27.06 |
| Fair valuation of investments | 78.05 | 120.31 | 116.13 | (42.24) | 4.18 |
| Change in accounting policies (Refer note 40) | - | (941.11) | (1,360.88) | 941.11 | 419.77 |
| Other items | (57.76) | (0.57) | (4.61) | (57.19) | 4.04 |
| Deferred tax expense | | | | 599.08 | 434.41 |
| Net deferred tax asset | (712.06) | (1,311.10) | (1,745.51) | | |
| Reflected in balance sheet as follows | | | | | |
| Deferred tax assets | (790.11) | (1,431.42) | (1,861.64) | | |
| Deferred tax liabilities | 78.05 | 120.32 | 116.13 | | |
| Deferred tax assets (net) | (712.06) | (1,311.10) | (1,745.51) | | |

| | | |
|---|--------------------------|--------------------------|
| iii) Reconciliation of deferred tax assets | 31 March 2019 | 31 March 2018 |
| Opening balance | (1,311.10) | (1,745.51) |
| Tax income during the year recognised in profit or loss | 620.89 | 358.23 |
| Tax (income)/expense during the year recognised in other comprehensive income | (21.81) | 76.18 |
| Closing balance | (712.06) | (1,311.10) |

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.

iv) Refer note 40 for change in accounting policy with retrospective application.

(All amounts in ` lakhs, unless stated otherwise)

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|--|------------------------|------------------------|-----------------------|
| 28. Contingent Liabilities | | | |
| There are contingent liabilities in respect of : | | | |
| a) Claims against the Company not acknowledged as debt | | | |
| Indirect tax litigations - As against these litigations, the Company has deposited ` 2.31 lakhs (as at 31 March 2018: ` 13.06 lakhs and as at 1 April 2017: ` 2.31 lakhs) under protest. The Company is contesting these claims at various levels. | 3.80 | 23.62 | 5.09 |
| Direct tax demand on account of tax deducted at source (TDS) defaults in previous years. The Company is contesting against such demands. | - | - | 33.27 |
| b) Other money for which the Company is contingently liable | - | 45.32 | 31.50 |

Notes:

- Hon'ble Supreme Court of India has pronounced a ruling dated 28 February 2019 in which it is held that 'allowance' paid to employees, will be included in the scope of 'basic wages' and thus, will be subject to provident fund contributions. Petitions have been filed with Hon'ble Supreme Court of India seeking additional clarification with respect to the application of this ruling. As this ruling has not prescribed any clarification w.r.t. to its application, the Company is in the process of evaluating its impact. Management believes that this will not result in any material liability on the Company.
- 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 the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

| | | | |
|--|----------|----------|----------|
| 29. Capital commitments and other commitments | | | |
| a) Capital commitments - Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits) | 903.81 | 21.99 | 550.53 |
| b) Operating lease commitments - Company as lessee | | | |
| The Company has taken a number of exclusive brand showrooms under operating leases. The lease rent expenses recognized during the year amounts to ` 1,464.37 lakhs (for the year ended: 31 March 2018 ` 1,356.97 lakhs). Expected future minimum lease payments under non-cancellable operating leases are as follows: | | | |
| Not more than 1 year | 1,379.52 | 1,221.45 | 1,171.01 |
| Later than 1 year and not later than 5 years | 4,699.21 | 3,896.23 | 3,428.36 |
| Later than 5 years | 1,913.80 | 1,733.84 | 1,529.90 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless stated otherwise)

30. Earnings per share (EPS) (Ind AS 33)

The Company's earnings per share ('EPS') is determined based on the net profit attributable to the shareholders' of the Company. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options, except where the result would be anti-dilutive.

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 (Restated*) |
|--|-------------------------------------|--|
| Earnings per share (refer note below): | | |
| Profit attributable to the equity shareholders (A) | 5,959.61 | 6,791.47 |
| Weighted-average number of equity shares (B) | | |
| Basic | 216.99 | 217.32 |
| Diluted | 221.92 | 217.32 |
| Earnings per share (₹) (A/B) - Basic and Diluted | | |
| Basic | 27.46 | 31.25 |
| Diluted | 26.85 | 31.25 |
| Face value per equity share (₹) | 10.00 | 10.00 |

*refer note 40 for change in accounting policy with retrospective application.

Note:**i) Reconciliation of equity shares used in the computation of basic and diluted earnings per share:**

| | | |
|--|--------|--------|
| Weighted-average number of equity shares-Basic | 216.99 | 217.32 |
| Effect of dilutive common equivalent shares-(buy-back obligations) | 4.93 | - |
| Weighted-average number of equity shares-Diluted | 221.92 | 217.32 |

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|--|------------------------|------------------------|-----------------------|
| 31. Assets pledged as security | | | |
| The carrying amounts of assets pledged as security for current and non-current borrowings are: | | | |
| Current assets | | | |
| Financial assets | | | |
| Floating charge | | | |
| Investments | 8,980.82 | 9,072.09 | 9,349.92 |
| Trade receivables | 21,985.28 | 18,996.70 | 14,630.84 |
| Cash and cash equivalents | 3,265.54 | 152.23 | 69.49 |
| Other bank balances | 225.36 | 1,659.80 | 2,527.87 |
| Loans | 119.04 | 50.69 | 36.68 |
| Other financial asset | 54.48 | 271.61 | 427.52 |
| Non financial assets | | | |
| Floating charge | | | |
| Inventories | 19,115.78 | 17,353.64 | 17,758.60 |
| Other current assets | 3,182.52 | 2,796.82 | 1,494.61 |
| Total current assets pledged as security | 56,928.82 | 50,353.58 | 46,295.53 |
| Non-current assets | | | |
| Financial assets | | | |
| First charge | | | |
| Investment | 4,772.11 | 3,760.72 | 2,356.70 |
| Other financial assets | 8.61 | - | 1,651.00 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|---|------------------------|------------------------|-----------------------|
| Non financial assets | | | |
| First charge | | | |
| Property, plant and equipment | 14,855.29 | 15,501.97 | 16,147.02 |
| Total non-current assets pledged as security | 14,855.29 | 15,501.97 | 16,147.02 |

32. Employee Benefits**a) Defined contribution plan**

The Company makes contribution towards employee's provident fund, employee's state insurance and labour welfare fund schemes. The Company has recognised ` 452.54 lakhs (previous year ` 413.45 lakhs) as contributions towards these schemes.

b) Defined benefit plan

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. For the funded plan, the Company makes contributions to recognised funds in India.

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|--|------------------------|------------------------|-----------------------|
| (i) Changes in defined benefit obligation | | | |
| Present value obligation as at the start of the year | 1,093.73 | 943.72 | 629.07 |
| Interest cost | 84.81 | 69.19 | 49.22 |
| Past service cost | - | 67.65 | - |
| Current service cost | 118.24 | 110.65 | 73.96 |
| Past adjustment | - | - | 1.74 |
| Actuarial loss - experience changes | (21.48) | 11.93 | 202.17 |
| Actuarial gains - financial assumption | 71.63 | (31.83) | - |
| Actuarial gains - demographic assumptions | 4.18 | - | - |
| Benefits paid | (47.32) | (77.58) | (12.44) |
| Present value obligation as at the end of the year | 1,303.79 | 1,093.73 | 943.72 |
| (ii) Change in fair value of plan assets | | | |
| Fair value of plan assets as at the start of the year | 798.13 | 730.48 | 677.79 |
| Past adjustment | - | - | 2.47 |
| Interest income on plan assets | 62.62 | 53.84 | 49.92 |
| Employer contributions | 224.61 | 87.19 | 6.59 |
| Expected return on plan assets greater/(lesser) than discount rates | (8.09) | 4.20 | 6.15 |
| Benefits paid | (47.32) | (77.58) | (12.44) |
| Fair value of plan assets as at the end of the year | 1,029.95 | 798.13 | 730.48 |
| (iii) Breakup of Actuarial (gain)/loss: | | | |
| Actuarial (gain)/loss on arising from change in financial assumption | 71.63 | (31.83) | - |
| Actuarial (gain)/loss on arising from experience adjustment | (21.48) | 11.93 | 202.17 |
| Actuarial loss on arising from change in demographic assumptions | 4.18 | - | - |
| Return on plan assets (greater)/less than discount rate | 8.09 | (4.20) | (6.15) |
| | 62.42 | (24.10) | 196.02 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless stated otherwise)

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|---|--|--|--|
| (iv) Net liability recognised in the balance sheet | | | |
| Present value obligation as at the end of the year | (1,303.79) | (1,093.73) | (943.72) |
| Fair value of plan assets as at the end of the year | 1,029.95 | 798.13 | 730.48 |
| Net liability in the balance sheet | (273.84) | (295.60) | (213.24) |
| (v) Current/non-current bifurcation | | | |
| Current benefit obligation | 70.78 | 144.95 | 120.56 |
| Non-current benefit obligation | 203.06 | 150.65 | 92.68 |
| Liability recognised in the balance sheet | 273.84 | 295.60 | 213.24 |
| (vi) Amount recognized in the statement of profit and loss | | | |
| Current service cost | 118.24 | 110.65 | 73.96 |
| Past service cost | - | 67.65 | - |
| Interest cost | 84.81 | 69.19 | 49.22 |
| Interest income on plan assets | (62.62) | (53.84) | (49.92) |
| Expense recognised in the statement of profit and loss | 140.43 | 193.65 | 73.26 |
| (vii) Remeasurements recognised in the statement of other comprehensive income (OCI) | | | |
| Changes in financial assumptions | 71.63 | (31.83) | - |
| Experience adjustments | (21.48) | 11.93 | 202.17 |
| Changes in demographic assumptions | 4.18 | - | - |
| Return on plan assets (greater)/less than discount rate | 8.09 | (4.20) | (6.15) |
| Amount recognised in Other Comprehensive Income | (62.42) | 24.10 | (196.02) |
| (viii) Actuarial assumptions | | | |
| Discount rate (p.a.) | 7.81% | 7.85% | 7.37% |
| Salary escalation rate (p.a.) | 10.00% | 9.00% | 9.00% |
| Expected return on plan assets | 7.81% | 7.85% | 7.37% |
| Employee turnover rate | 11.60% | 11.60% | 11.60% |
| Retirement age | 62 years | 62 years | 62 years |
| Mortality rate | Indian Assured Lives Mortality (2012-14) (modified) Ultimate | Indian Assured Lives Mortality (2006-08) (modified) Ultimate | Indian Assured Lives Mortality (2006-08) (modified) Ultimate |

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|---|------------------------|------------------------|-----------------------|
| (ix) Sensitivity analysis for gratuity liability | | | |
| The sensitivity of the overall plan obligations to changes in the weighted key assumptions are: | | | |
| Present value of obligation at the end of the year | | | |
| Impact of the change in discount rate (p.a) | | | |
| Impact due to decrease of 0.50% | 81.82 | 67.99 | 59.42 |
| Impact due to increase of 0.50% | (74.83) | (61.85) | (53.08) |
| Impact of change in salary escalation rate (p.a) | | | |
| Impact due to increase of 0.50% | 53.84 | 54.19 | 47.18 |
| Impact due to decrease of 0.50% | (47.61) | (52.74) | (46.06) |
| (x) Expected future cash flows | | | |
| The expected future cash flows in respect of gratuity as at 31 March 2019 were as follows: | | | |
| The followings are the expected future benefit payments for the defined benefit plan | | | |
| 31 March 2018 | - | - | 124.92 |
| 31 March 2019 | - | 150.54 | 111.64 |
| 31 March 2020 | 73.55 | 126.00 | 106.52 |
| 31 March 2021 | 61.08 | 140.63 | 122.42 |
| 31 March 2022 | 47.09 | 119.19 | 101.89 |
| 31 March 2023 | 106.73 | 142.57 | |
| 31 March 2024 | 61.97 | | |
| Subsequent years | 463.47 | 509.26 | 445.69 |
| (xi) Category of plan assets | | | |
| LIC of India-Group Gratuity Cash Accumulation Fund | 100.00% | 100.00% | 100.00% |

(xii) Expected contribution

The expected future employer contributions for defined benefit plan ` 434.99 lakhs for the year ended 31 March 2019 (for the year ended 31 March 2018: ` 413.85 lakhs)

33. Corporate Social Responsibility

The Company for its Corporate Social Responsibility ("CSR") has joined hands with other group companies and agreed to spent on CSR activities through a recognized charitable organization, M/s. Oswal Foundation. The Company would contribute its CSR contribution time to time to Oswal Foundation for the CSR activities undertaken by them. During the current year, the Company has contributed ` 465.63 lakhs for the purpose of CSR activities which comprises of contribution pertaining to current year amounting to ` 162.71 lakhs and contribution set aside during the previous years amounting to ` 302.92 lakhs.

In accordance with the provisions of section 135 of the Companies Act 2013, the Board of Directors of the Company had constituted a Corporate Social Responsibility (CSR) committee. In terms with the provisions of the said Act, the Company was required to spend a sum of ` 154.71 lakhs (for the year ended 31 March 2018: ` 164.38 lakhs) towards CSR activities. The details of amount actually spent by the Company are:

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless stated otherwise)

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| (a) Gross amount required to be spent by the Company as per section 135 of the Act. | 154.71 | 164.38 |
| (b) Amount spent during the year on: | | |
| paid in cash/cash equivalents* | 465.63 | 8.18 |
| yet to be paid | - | - |
| | 465.63 | 8.18 |
| *Including payment/contribution for cost of goods with Oswal Foundation (refer note 39) | - | 6.26 |

34. Dues to micro and small enterprises

On the basis of confirmations obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:

| Particulars | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|---|--------------------------------|--------------------------------|-------------------------------|
| Principal amount remaining unpaid | 230.91 | 399.35 | 302.53 |
| Interest due thereon | 15.46 | 25.34 | 14.77 |
| Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year | - | - | - |
| Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | - | - | - |
| Interest accrued and remaining unpaid as at end of the year | 62.15 | 46.69 | 21.35 |
| Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006. | - | - | - |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019
35. Fair value measurements
(a) Financial instruments by category

| Particulars | 31 March 2019 | | | | 31 March 2018 | | | | 1 April 2017 | | | |
|--|------------------|----------|------------------|--|------------------|----------|------------------|--|------------------|----------|------------------|---|
| | FVTPL | FVOCI | Amortised cost | | FVTPL | FVOCI | Amortised cost | | FVTPL | FVOCI | Amortised cost | |
| Financial assets (non-current) | | | | | | | | | | | | |
| Investments | 4,772.11 | - | - | | 3,760.72 | - | - | | 2,356.70 | - | - | - |
| Loans - | - | - | 426.09 | | - | - | 370.09 | | - | - | 359.19 | - |
| Other financial assets | - | - | 8.61 | | - | - | - | | - | - | 1,651.00 | - |
| Financial assets (current) | | | | | | | | | | | | |
| Investments | 8,980.82 | - | - | | 9,072.09 | - | - | | 9,349.92 | - | - | - |
| Trade receivables | - | - | 21,985.28 | | - | - | 18,996.70 | | - | - | 14,630.84 | - |
| Cash and cash equivalents | - | - | 3,265.54 | | - | - | 152.23 | | - | - | 69.49 | - |
| Other bank balances | - | - | 225.36 | | - | - | 1,659.80 | | - | - | 2,527.87 | - |
| Loans - | - | - | 119.04 | | - | - | 50.69 | | - | - | 36.68 | - |
| Other financial assets | - | - | 54.48 | | - | - | 271.61 | | - | - | 427.52 | - |
| Total | 13,752.93 | - | 26,084.40 | | 12,832.81 | - | 21,501.12 | | 11,706.62 | - | 19,702.59 | |
| Financial liabilities (non-current) | | | | | | | | | | | | |
| Borrowings | - | - | 1,286.65 | | - | - | 1,281.98 | | - | - | 1,538.45 | - |
| Other financial liabilities | - | - | 1,532.57 | | - | - | 1,341.23 | | - | - | 1,234.93 | - |
| Financial liabilities (current) | | | | | | | | | | | | |
| Borrowings | - | - | 3,174.06 | | - | - | 4,033.55 | | - | - | 3,438.09 | - |
| Trade payables | - | - | 13,454.96 | | - | - | 11,016.95 | | - | - | 10,332.67 | - |
| Other financial liabilities | - | - | 9,854.37 | | - | - | 2,272.25 | | - | - | 4,207.00 | - |
| Total | - | - | 29,302.61 | | - | - | 19,945.96 | | - | - | 20,751.14 | |

(b) Fair value hierarchy

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Financial assets and liabilities measured at fair value - recurring fair value measurements

| Particulars | 31 March 2019 | | | 31 March 2018 | | | 1 April 2017 | | |
|-------------------------------|------------------|----------|----------|------------------|----------|----------|------------------|----------|----------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | | | | | | |
| Investments at FVTPL | 13,752.93 | - | - | 12,832.81 | - | - | 11,706.62 | - | - |
| Total financial assets | 13,752.93 | - | - | 12,832.81 | - | - | 11,706.62 | - | - |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

Valuation process and technique used to determine fair value

- (i) The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

Financial assets and liabilities measured at amortised cost

| Particulars | 31 March 2019 | | | 31 March 2018 | | | 1 April 2017 | | |
|------------------------------------|---------------|---------|-----------------|---------------|---------|-----------------|--------------|---------|-----------------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | | | | | | |
| Loans | - | - | 426.09 | - | - | 370.09 | - | - | 359.19 |
| Other financial assets | - | - | 8.61 | - | - | - | - | - | 1,651.00 |
| Total financial assets | - | - | 434.70 | - | - | 370.09 | - | - | 2,010.19 |
| Financial liabilities | | | | | | | | | |
| Borrowings | - | - | 1,286.65 | - | - | 1,281.98 | - | - | 1,538.45 |
| Other financial liabilities | - | - | 1,532.57 | - | - | 1,341.23 | - | - | 1,234.93 |
| Total financial liabilities | - | - | 2,819.22 | - | - | 2,623.21 | - | - | 2,773.38 |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in Level 3.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

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

| Particulars | 31 March 2019 | | 31 March 2018 | | 1 April 2017 | |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | | | |
| Non-current | | | | | | |
| i) Loans | 426.09 | 426.09 | 370.09 | 370.09 | 359.19 | 359.19 |
| ii) Other financial assets | 8.61 | 8.61 | - | - | 1,651.00 | 1,651.00 |
| Current | | | | | | |
| i) Trade receivables | 21,985.28 | 21,985.28 | 18,996.70 | 18,996.70 | 14,630.84 | 14,630.84 |
| ii) Cash and cash equivalents | 3,265.54 | 3,265.54 | 152.23 | 152.23 | 69.49 | 69.49 |
| iii) Other bank balances | 225.36 | 225.36 | 1,659.80 | 1,659.80 | 2,527.87 | 2,527.87 |
| iv) Loans | 119.04 | 119.04 | 50.69 | 50.69 | 36.68 | 36.68 |
| v) Other financial assets | 54.48 | 54.48 | 271.61 | 271.61 | 427.52 | 427.52 |
| Total financial assets | 26,084.40 | 26,084.40 | 21,501.12 | 21,501.12 | 19,702.59 | 19,702.59 |
| Financial liabilities | | | | | | |
| Non-current | | | | | | |
| i) Borrowings | 1,286.65 | 1,286.65 | 1,281.98 | 1,281.98 | 1,538.45 | 1,538.45 |
| ii) Other financial liabilities | 1,532.57 | 1,532.57 | 1,341.23 | 1,341.23 | 1,234.93 | 1,234.93 |
| Current | | | | | | |
| i) Current borrowings | 3,174.06 | 3,174.06 | 4,033.55 | 4,033.55 | 3,438.09 | 3,438.09 |
| ii) Trade payables | 13,454.96 | 13,454.96 | 11,016.95 | 11,016.95 | 10,332.67 | 10,332.67 |
| iii) Other financial liabilities | 9,854.37 | 9,854.38 | 2,272.25 | 2,272.25 | 4,207.00 | 4,207.00 |
| Total financial liabilities | 29,302.61 | 29,302.62 | 19,945.96 | 19,945.96 | 20,751.14 | 20,751.14 |

d) Measurement of fair values

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The management assessed that the fair values of loans, cash and cash equivalents, other bank balances, trade receivables, other current financial assets, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair value of Company's fixed interest-bearing loans and receivables that approximate to their carrying amounts as it is based on discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.
- All the other long-term borrowing facilities availed by the Company are variable rate facilities which are subject to changes in underlying interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company's creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

36. Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loans, trade and other receivables and cash & cash equivalents that derive directly from its operations.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless stated otherwise)

The Company is exposed to market risk, credit risk and liquidity risk. The company's senior management oversees the management of these risks. The company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. This financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each risk, which are summarised as below:

(A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and payables/receivables in foreign currencies.

a) Market risk- Interest rate risk

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

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|--------------------------|------------------------|------------------------|-----------------------|
| Variable rate borrowings | 4,752.02 | 5,571.93 | 6,542.94 |
| Fixed rate borrowings | - | - | - |
| Total borrowings | 4,752.02 | 5,571.93 | 6,542.94 |

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variable held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

| | | | |
|---|---------|---------|---------|
| 50 bps decrease would increase the profit before tax by | 23.76 | 27.86 | 32.71 |
| 50 bps increase would decrease the profit before tax by | (23.76) | (27.86) | (32.71) |

b) Market risk- Foreign currency risks

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, EURO and JPY. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. Considering the low volume of foreign currency transactions, the Company's exposure to foreign currency risk is limited and the Company hence does not use any derivative instruments to manage its exposure. Also, the Company does not use forward contracts and swaps for speculative purposes

(foreign currency in lakhs)

| | | | |
|--------------------------------------|------|-------|-------|
| Trade receivables | | | |
| USD | - | 0.42 | 0.42 |
| | - | 0.42 | 0.42 |
| Long term loans and advances | | | |
| EURO | 0.25 | - | - |
| JPY | 9.50 | - | - |
| | 9.75 | - | - |
| Short term loans and advances | | | |
| USD | 5.18 | 3.80 | 1.86 |
| EURO | 0.02 | 0.02 | 0.10 |
| JPY | - | 9.86 | 11.36 |
| | 5.20 | 13.68 | 13.32 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

 (All amounts in ` lakhs, unless stated otherwise)
 (foreign currency in lakhs)

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|---|------------------------|------------------------|-----------------------|
| Trade payables | | | |
| JPY | 193.45 | 197.72 | 10.53 |
| | 193.45 | 197.72 | 10.53 |
| Total exposure (net) | | | |
| USD | 5.18 | 4.22 | 2.28 |
| EURO | 0.27 | 0.02 | 0.10 |
| JPY | (183.95) | (187.86) | 0.83 |
| The following significant exchange rates as at year end spot rate:- | | | |
| USD 1 | 69.17 | 65.04 | 64.84 |
| EURO 1 | 77.70 | 80.62 | 69.25 |
| JPY 100 | 0.63 | 0.62 | 0.58 |

Foreign currency sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

(All amounts in ` lakhs)

USD Sensitivity

| | | | |
|---|---------|---------|--------|
| 5% decrease would decrease the profit before tax by | 17.92 | 13.72 | 7.39 |
| 5% increase would increase the profit before tax by | (17.92) | (13.72) | (7.39) |

EUR Sensitivity

| | | | |
|---|--------|--------|--------|
| 5% decrease would decrease the profit before tax by | 1.05 | 0.08 | 0.35 |
| 5% increase would increase the profit before tax by | (1.05) | (0.08) | (0.35) |

JPY Sensitivity

| | | | |
|---|--------|--------|--------|
| 5% decrease would decrease the profit before tax by | (5.75) | (5.78) | 0.02 |
| 5% increase would increase the profit before tax by | 5.75 | 5.78 | (0.02) |

c) Market risk- Price risks

The Company's exposure to equity securities price risk arises from investments in mutual funds held by the Company and classified in the balance sheet at fair value through profit and loss. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

| | | | |
|---|----------|----------|----------|
| Price sensitivity | | | |
| Investment in mutual funds | | | |
| 500 bps in NAV(net asset value) increase would increase the profit before tax by | 687.65 | 641.64 | 585.33 |
| 500 bps in NAV (net asset value) decrease would decrease the profit before tax by | (687.65) | (641.64) | (585.33) |

(B) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

(a) Credit risk management

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of 'financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless stated otherwise)

- (i) Low credit risk on financial reporting date
- (ii) Moderate credit risk
- (iii) High credit risk

The Company provides for expected credit loss based on the following:

| Asset group | Basis of categorisation | Provision for expected credit loss |
|----------------------|--|---|
| Low credit risk | Cash and cash equivalents, other bank balances, loans, trade receivables, Investments and other financial assets | 12 month expected credit loss |
| Moderate credit risk | Other financial assets | Life time expected credit loss or 12 month expected credit loss |
| High credit risk | Other financial assets | Life time expected credit loss fully provided for |

| Financial assets that expose the entity to credit risk – | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|--|------------------------|------------------------|-----------------------|
| Low credit risk on reporting date | | | |
| Cash and cash equivalents | 3,265.54 | 152.23 | 69.49 |
| Other bank balances | 225.36 | 1,659.80 | 2,527.87 |
| Trade receivables | 21,985.28 | 18,996.70 | 14,630.84 |
| Investments | 13,752.93 | 12,832.81 | 11,706.62 |
| Loans(non-current) | 426.09 | 370.09 | 359.19 |
| Loans(current) | 119.04 | 50.69 | 36.68 |
| Other financial asset (non-current) | 8.61 | - | 1,651.00 |
| Other financial asset (current) | 54.48 | 271.61 | 427.52 |

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

Credit risk related to trade receivables are mitigated by taking banks guarantees, post dated cheque etc. which results in low credit risk. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due.

| Gross carrying amount of trade receivables | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|--|------------------------|------------------------|-----------------------|
| More than 6 months past due | 2,369.03 | 1,906.03 | 1,695.63 |
| Less than 6 months past due | 19,616.25 | 17,090.67 | 12,935.21 |
| Total | 21,985.28 | 18,996.70 | 14,630.84 |

Loans and other financial assets measured at amortised cost

Loans and other financial assets measured at amortized cost includes security deposits, term deposits with banks and interest accrued on deposits. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

(C) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt and overdraft from domestic banks at an optimised cost. It also enjoys strong access to domestic capital markets across equity.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

(a) Financing arrangements

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

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|--|------------------------|------------------------|-----------------------|
| Floating rate | | | |
| (i) Expiring within one year (Cash Credit and other facilities) | | | |
| Secured | | | |
| - Cash credit facilities | 6,070.64 | 5,603.85 | 7,158.15 |
| - Overdraft facility | 8,255.30 | 1,537.89 | 630.26 |
| - Rupees term loan from banks | 1,026.20 | - | 20.36 |
| (ii) Expiring beyond one year (Bank loans) | | | |
| Secured | | | |
| - Rupees term loan from banks | - | - | - |

The table below summaries the maturity profile of the Company's financial liabilities based on contractual undiscounted payments -

| | 0-1 Years | 1 to 2 years | 2 to 5 years | More than 5 years | Total |
|---|------------------|-----------------|-----------------|----------------------|------------------|
| Year ended 31 March 2019 | | | | | |
| Contractual maturities of borrowings | 3,822.01 | 654.92 | 1,695.92 | 394.23 | 6,567.08 |
| Contractual maturities of other financial liabilities (non-current) | - | - | - | 1,532.57 | 1,532.57 |
| Contractual maturities of trade payables and other payables | 13,454.96 | - | - | - | 13,454.96 |
| Contractual maturities of other financial liabilities (current) | 9,854.37 | - | - | - | 9,854.37 |
| Total | 27,131.34 | 654.92 | 1,695.92 | 1,926.80 | 31,408.98 |
| Year ended 31 March 2018 | | | | | |
| Contractual maturities of borrowings | 4,448.39 | 376.45 | 973.62 | 272.63 | 6,071.09 |
| Contractual maturities of other financial liabilities (non-current) | - | - | - | 1,348.96 | 1,348.96 |
| Contractual maturities of trade payables and other payables | 11,016.95 | - | - | - | 11,016.95 |
| Contractual maturities of other financial liabilities (current) | 2,272.25 | - | - | - | 2,272.25 |
| Total | 17,737.59 | 376.45 | 973.62 | 1,621.59 | 20,709.25 |
| Year ended 1 April 2017 | | | | | |
| Contractual maturities of borrowings | 5,191.82 | 402.40 | 1,051.48 | 571.22 | 7,216.92 |
| Contractual maturities of other financial liabilities (non-current) | - | - | - | 1,264.70 | 1,264.70 |
| Contractual maturities of trade payables and other payables | 10,332.67 | - | - | - | 10,332.67 |
| Contractual maturities of other financial liabilities (current) | 4,207.00 | - | - | - | 4,207.00 |
| Total | 19,731.49 | 402.40 | 1,051.48 | 1,835.92 | 23,021.29 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

| | As at 31 March 2019 | As at 31 March 2018 |
|---|--------------------------------|--------------------------------|
| 36. Dividend distribution made and proposed | | |
| (i) Equity shares | | |
| Final dividend for the year ended 31 March 2018 of ` 12 per share (excluding tax) | 2,607.85 | - |
| Final dividend for the year ended 31 March 2017 of ` 10 per share (excluding tax) | - | 2,173.22 |

37. Capital management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern as well as to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade payables, less cash and cash equivalents and other bank balances.

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|---------------------------------|--------------------------------|--------------------------------|-------------------------------|
| Borrowings | 4,752.02 | 5,571.93 | 6,542.94 |
| Less: Cash and cash equivalents | 3,265.54 | 152.23 | 69.49 |
| Less: Other bank balances | 225.36 | 1,659.80 | 2,527.87 |
| Net debt | 1,261.12 | 3,759.90 | 3,945.58 |
| Equity | 48,372.15 | 51,141.62 | 47,017.87 |
| Capital and net debt | 49,633.28 | 54,901.52 | 50,963.45 |
| Gearing ratio | 2.54% | 6.85% | 7.74% |

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

39. Related party disclosure**a) Disclosure of related parties and relationship between the parties**

| Nature of relationship | Name of related party |
|--|--|
| (i) Key management personnel | Jawahar Lal Oswal (Chairman and Managing Director) |
| | Sandeep Jain (Executive Director) |
| | Monica Oswal (Executive Director) |
| | Ruchika Oswal (Executive Director) |
| | Rishabh Oswal (Executive Director) |
| | Dinesh Gogna (Director) |
| | Paurush Roy (Independent Director) |
| | Ajit Singh Chatha (Independent Director) |
| | Amrik Singh Sohi (Independent Director) |
| | Suresh Kumar Singla (Independent Director) |
| | Manisha Gupta (Independent Director) |
| | Alok Kumar Misra (Independent Director) |
| | Sahil Jain (Company Secretary) (resigned w.e.f 4 April 2019) |
| | Ankur Gauba (Company Secretary) (appointed w.e.f 20 May 2019) |
| | Raj Kapoor Sharma (Chief Financial Officer) (appointed w.e.f 30 November 2018) |
| (ii) Other group companies over which key management personnel and their relatives are able to exercise significant influence | Abrotex Apparels Private Limited (formerly known as Retailerkart E.Venture Private Limited) |
| (With whom transaction have taken place) | Cotton County Retail Limited |
| | Nahar Industrial Enterprises Limited |
| | Nahar Spinning Mills Limited |
| | Oswal Denims Limited |
| | Oswal Foundation |
| | Oswal Woollen Mills Limited |
| | Vanaik Spinning Mills Limited |

(b) Disclosure of transactions between the Company and Related Parties and the status of outstanding balances

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|-------------------------------------|-------------------------------------|
| (i) Enterprises in which Key Management Personnel and relative of such personnel is able to exercise significant influence or control. | | |
| Sale of goods | | |
| Nahar Spinning Mills Limited | 893.44 | 1,343.57 |
| Nahar Industrial Enterprises Limited | 5.56 | 9.53 |
| Cotton County Retail Limited | 99.09 | 100.88 |
| Oswal Woollen Mills Limited | 45.25 | 99.39 |
| Oswal Foundation | - | 10.10 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless stated otherwise)

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Sales returns | | |
| Oswal Woollen Mills Limited | 0.12 | 7.04 |
| Nahar Spinning Mills Limited | 42.23 | 91.30 |
| Nahar Industrial Enterprises Limited | 3.40 | - |
| Cotton County Retail Limited | 12.83 | 0.39 |
| Purchase of goods | | |
| Nahar Spinning Mills Limited | 3,690.87 | 3,314.96 |
| Nahar Industrial Enterprises Limited | 392.64 | 342.54 |
| Cotton County Retail Limited | 290.80 | 974.58 |
| Oswal Woollen Mills Limited | 5,832.20 | 4,573.13 |
| Purchase of fixed assets | | |
| Nahar Spinning Mills Limited | - | 0.60 |
| Cotton County Retail Limited | - | 1.20 |
| Oswal Woollen Mills Limited | 45.09 | - |
| Purchase return | | |
| Cotton County Retail Limited | - | 0.53 |
| Sale of fixed assets | | |
| Nahar Spinning Mills Limited | - | 0.05 |
| Rent paid | | |
| Nahar Spinning Mills Limited | 79.68 | 79.68 |
| Nahar Industrial Enterprises Limited | 0.30 | 13.12 |
| Oswal Woollen Mills Limited | 109.89 | 94.99 |
| Processing charges paid | | |
| Nahar Spinning Mills Limited | 142.75 | 347.33 |
| Oswal Woollen Mills Limited | 13.18 | 0.50 |
| Cotton County Retail Limited | 0.14 | 0.02 |
| Nahar Industrial Enterprises Limited | 11.15 | - |
| Reimbursement of expenses paid | | |
| Nahar Industrial Enterprises Limited | 26.28 | 59.43 |
| Nahar Spinning Mills Limited | 21.96 | 20.27 |
| Oswal Woollen Mills Limited | 42.43 | 223.17 |
| Abrotex Apparels Private Limited | - | 14.95 |
| Cotton County Retail Limited | - | 0.55 |
| Reimbursement of expenses received | | |
| Nahar Industrial Enterprises Limited | - | 1.64 |
| Nahar Spinning Mills Limited | 0.09 | 0.27 |
| Oswal Woollen Mills Limited | 10.38 | 14.33 |
| Cotton County Retail Limited | - | 0.02 |
| Contribution made to the fund (CSR activities) | | |
| Oswal Foundation (refer note 32) | 457.63 | 6.26 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|--|------------------------|------------------------|-----------------------|
| (ii) Year end balances- entities in which directors of the Company are able to exercise control or have significant influence | | | |
| Trade payables | | | |
| Nahar Spinning Mills Limited | 224.53 | 1,292.94 | 435.15 |
| Nahar Industrial Enterprises Limited | 107.38 | 16.52 | 77.46 |
| Cotton County Retail Limited | 49.32 | 119.77 | 168.41 |
| Oswal Woollen Mills Limited | 1,806.23 | 446.26 | 1,841.67 |
| Vanaik Spinning Mills Limited | - | 10.05 | 39.68 |
| Trade receivable | | | |
| Nahar Spinning Mills Limited | - | 4.71 | - |
| Abrotex Apparels Private Limited | - | - | 27.88 |
| Oswal Woollen Mills Limited | 0.32 | - | - |
| Advances to suppliers | | | |
| Nahar Spinning Mills Limited | - | 68.06 | 7.11 |
| Nahar Industrial Enterprises Limited | - | 135.14 | - |
| Oswal Woollen Mills Limited | 0.17 | 8.44 | 5.67 |
| Vanaik Spinning Mills Limited | - | - | 16.12 |
| Advances from customers | | | |
| Nahar Spinning Mills Limited | - | 9.52 | - |

(c) Disclosure of transaction between the Company and directors and other members of key management personnel and the status of outstanding balances:

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|----------------------------------|-------------------------------------|-------------------------------------|
| (i) Remuneration to KMP's | | |
| Director sitting fee | 5.75 | 2.06 |
| Employee benefits* | 25.85 | 40.05 |
| Managerial remuneration* | 440.44 | 316.82 |
| *Name of KMP | | |
| Sandeep Jain | 188.27 | 164.79 |
| Monica Oswal | 91.84 | 99.31 |
| Ruchika Oswal | 90.55 | 92.77 |
| Rishabh Oswal | 69.78 | - |
| Sahil Jain | 8.65 | 8.22 |
| Raj Kapoor Sharma | 17.20 | 10.57 |
| Relatives of KMP's | | |
| Employee benefits* | - | 2.03 |
| Managerial remuneration* | - | 25.96 |
| *Name of relatives of KMP | | |
| Rishabh Oswal | - | 27.99 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless stated otherwise)

| | As at 31 March 2019 | As at 31 March 2018 | As at 1 April 2017 |
|------------------------------------|------------------------|------------------------|-----------------------|
| (ii) Year end balances | | | |
| Due to KMPs | | | |
| Jawahar Lal Oswal | - | - | 0.30 |
| Sandeep Jain | 21.22 | 16.65 | 8.05 |
| Monica Oswal | 11.02 | 5.40 | 4.79 |
| Ruchika Oswal | 10.74 | 8.77 | 4.80 |
| Rishabh Oswal | 11.62 | - | - |
| Due to relatives of KMP's | | | |
| Rishabh Oswal | - | 1.78 | 0.71 |
| Due from relatives of KMP's | | | |
| Rishabh Oswal | - | 0.10 | 0.10 |

40. Change in accounting policies

The Company has adopted Ind AS 115, Revenue from contracts with the customers with retrospective application and changed the inventory valuation method for manufactured finished goods from retail method to actual cost method with retrospective application. The adoption of new standard and change in inventory valuation has been made w.e.f. 1 April 2018 which has resulted in changes in accounting policies and requires restatement of the prior year financial statements. In accordance with the transition provisions in Ind AS 115 and principles for change in accounting policies in Ind AS 8, Accounting Policies, Changes in accounting estimates and errors, the Company has restated the comparatives for the financial year ended 31 March 2018.

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Ind AS 18 to Ind AS 115 and changes in accounting policies as required under Ind AS 1 and Ind AS 8:

- 1) Reconciliation of balance sheet as at 1 April 2017
- 2) Reconciliation of balance sheet as at 31 March 2018
- 3) Reconciliation of statement of profit and loss account for the year ended 31 March 2018
- 4) Impact on the financial statement for the year ended 31 March 2019

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

1. Reconciliation of Balance sheet as at 1 April 2017

| Particulars | Notes | As originally presented | Increase (decrease) | Restated Balance |
|----------------------------------|---------------|-------------------------|---------------------|------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| a) Property, plant and equipment | | 16,147.02 | - | 16,147.02 |
| b) Capital work-in-progress | | 272.63 | - | 272.63 |
| c) Other intangible assets | | 137.16 | - | 137.16 |
| d) Financial assets | | | | |
| i) Investments | | 2,356.70 | - | 2,356.70 |
| ii) Loans | | 359.19 | - | 359.19 |
| iii) Other financial assets | | 1,651.00 | - | 1,651.00 |
| e) Income tax assets (net) | | 211.84 | - | 211.84 |
| f) Deferred tax assets (net) | (iii) | 384.63 | 1,360.88 | 1,745.51 |
| g) Other non-current assets | | 111.09 | - | 111.09 |
| Current assets | | | | |
| a) Inventories | (i) and (iii) | 20,201.06 | (2,442.46) | 17,758.60 |
| b) Financial assets | | | | |
| i) Investments | | 9,349.92 | - | 9,349.92 |
| ii) Trade receivables | | 14,630.84 | - | 14,630.84 |
| iii) Cash and cash equivalents | | 69.49 | - | 69.49 |
| iv) Other bank balances | | 2,527.87 | - | 2,527.87 |
| v) Loans | | 36.68 | - | 36.68 |
| vi) Other financial asset | | 427.52 | - | 427.52 |
| c) Other current assets | | 1,494.61 | - | 1,494.61 |
| Total Assets | | 70,369.25 | (1,081.58) | 69,287.67 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| a) Equity share capital | | 2,173.21 | - | 2,173.21 |
| b) Other equity | (iii) | 47,416.07 | (2,571.41) | 44,844.66 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | | 1,538.45 | - | 1,538.45 |
| ii) Other financial liabilities | | 1,234.93 | - | 1,234.93 |
| b) Other non-current liabilities | | 15.18 | - | 15.18 |
| c) Provisions | (iv) | - | 92.68 | 92.68 |
| Current liabilities | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | | 3,438.09 | - | 3,438.09 |
| ii) Trade and other payables | | 10,332.67 | - | 10,332.67 |
| iii) Other financial liabilities | (i) | 2,416.54 | 1,790.46 | 4,207.00 |
| b) Other current liabilities | | 1,250.34 | - | 1,250.34 |
| c) Provisions | (i) and (iv) | 553.77 | (393.31) | 160.46 |
| | | 70,369.25 | (1,081.58) | 69,287.67 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

2 Reconciliation of balance sheet as at 31 March 2018

| Particulars | Notes | As originally presented | Increase (decrease) | Restated Balance |
|----------------------------------|---------------|-------------------------|---------------------|------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| a) Property, plant and equipment | | 15,501.97 | - | 15,501.97 |
| b) Capital work-in-progress | | 8.91 | - | 8.91 |
| c) Other intangible assets | | 117.92 | - | 117.92 |
| d) Financial assets | | | | |
| i) Investments | | 3,760.72 | - | 3,760.72 |
| ii) Loans | (iv) | 396.21 | (26.12) | 370.09 |
| e) Income tax assets (net) | | 766.87 | - | 766.87 |
| f) Deferred tax assets (net) | (iii) | 369.99 | 941.11 | 1,311.10 |
| g) Other non-current assets | | 95.02 | - | 95.02 |
| Current assets | | | | |
| a) Inventories | (i) and (iii) | 19,067.52 | (1,713.88) | 17,353.64 |
| b) Financial assets | | | | |
| i) Investments | | 9,072.09 | - | 9,072.09 |
| ii) Trade receivables | (iv) | 19,299.80 | (303.10) | 18,996.70 |
| iii) Cash and cash equivalents | | 152.23 | - | 152.23 |
| iv) Other bank balances | | 1,659.80 | - | 1,659.80 |
| v) Loans | (iv) | 24.57 | 26.12 | 50.69 |
| vi) Other financial asset | | 271.61 | - | 271.61 |
| c) Other current assets | | 2,796.82 | - | 2,796.82 |
| Total Assets | | 73,362.05 | (1,075.87) | 72,286.18 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| a) Equity share capital | | 2,173.21 | - | 2,173.21 |
| b) Other equity | (iii) | 50,720.51 | (1,752.10) | 48,968.41 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | | 1,281.98 | - | 1,281.98 |
| ii) Other financial liabilities | | 1,341.23 | - | 1,341.23 |
| b) Other non-current liabilities | | 146.64 | - | 146.64 |
| c) Provisions | (iv) | - | 150.65 | 150.65 |
| Current liabilities | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | | 4,033.55 | - | 4,033.55 |
| ii) Trade and other payables | | 11,016.95 | - | 11,016.95 |
| iii) Other financial liabilities | (i) | 1,039.81 | 1,232.43 | 2,272.25 |
| b) Other current liabilities | (iv) | 986.72 | (266.54) | 720.18 |
| c) Provisions | (i) and (iv) | 621.45 | (440.32) | 181.13 |
| | | 73,362.05 | (1,075.87) | 72,286.18 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

3. Reconciliation of statement of profit & loss account for the year ended 31 March 2018

| Particulars | Notes | As originally presented | Increase (decrease) | Restated Balance |
|---|---------------|-------------------------|---------------------|------------------|
| INCOME | | | | |
| Revenue from operations | (i) and (ii) | 64,639.05 | (7,001.79) | 57,637.26 |
| Other income | (iv) | 1,768.01 | 10.56 | 1,778.57 |
| | | 66,407.06 | (6,991.23) | 59,415.83 |
| EXPENSES | | | | |
| Cost of materials consumed | (iv) | 13,464.51 | 10.56 | 13,475.07 |
| Purchases of stock-in-trade | (ii) | 22,469.17 | (7,512.31) | 14,956.86 |
| Change in inventories of finished goods, stock in trade and work -in-progress | (i) and (iii) | 1,517.50 | (728.59) | 788.91 |
| Excise duty expense | | 42.76 | - | 42.76 |
| Employee benefit expense | | 5,306.95 | - | 5,306.95 |
| Finance costs | | 771.62 | - | 771.62 |
| Depreciation and amortisation expense | | 2,096.28 | - | 2,096.28 |
| Other expenses | (iv) | 11,743.95 | 8.18 | 11,752.14 |
| Total | | 57,412.74 | (8,222.16) | 49,190.59 |
| Profit before exceptional items, corporate social responsibility expenditure & tax | | 8,994.32 | 1,230.93 | 10,225.24 |
| Exceptional items | | - | - | - |
| Corporate social responsibility expenditure | (iv) | 8.18 | (8.18) | - |
| Profit before tax | | 8,986.14 | 1,239.11 | 10,225.24 |
| Tax expense: | | | | |
| Current tax | | 3,075.54 | - | 3,075.54 |
| Deferred tax | (iii) | (61.54) | 419.77 | 358.23 |
| Profit for the year | | 5,972.14 | 819.34 | 6,791.47 |
| Other comprehensive income (OCI) | | | | |
| Items that will not be reclassified to profit or loss | | | | |
| Re-measurement gains/(losses) on defined benefit plan | | 24.10 | - | 24.10 |
| Deferred tax on re-measurement gains on defined benefit plan | | 76.18 | - | 76.18 |
| Other comprehensive income for the year | | (52.08) | - | (52.08) |
| Total comprehensive income for the year | | 5,920.06 | 819.34 | 6,739.39 |
| Earnings per equity share (nominal value ` 10) | | | | |
| Basic | | 27.48 | 3.77 | 31.25 |
| Diluted | | 27.48 | 3.77 | 31.25 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

The following explains the material adjustments made while changes are made in accounting policies:
(i) Accounting for returns:

Effective from 1 April 2018, Company has adopted Indian Accounting Standard (Ind AS) 115 using retrospective approach. The Company was previously recognising a "Provision for sales return" as margin on the expected sales return (31 March 2018 ` 289.67 lakhs and 1 April 2017 ` 300.62). Per Ind AS 115, for expected sales return, revenue would not be recognized for the products expected to be return, a refund liability and an asset for its right to recover products from customers on settling the refund liability will be recorded. To reflect the change in accounting policy in according with Ind AS 115 the Company has recognised a refund liability amounting to ` 1,232.43 lakhs as at 31 March 2018 and ` 1,790.46 lakhs as at 1 April 2017 with the corresponding adjustment in revenue from operations. Further, the Company has recognised right to receive returned goods amounting to ` 942.76 lakhs as at 31 March 2018 and ` 1,489.84 as at 1 April 2017 with the corresponding adjustment to changes in inventories of finished goods, work-in-progress and traded goods.

(ii) Sales made to fabricators

Effective from 1 April 2018, Company has adopted Indian Accounting Standard (Ind AS) 115. Sale of raw material has been adjusted with the purchase of stock in trade for the reporting periods to provide more reliable and more relevant information of the Company. Company has adopted the standard using retrospective approach. This adjustment has resulted in decrease in reverse from operations for the year ended 31 March 2018 amounting to ` 7512.31 Lakhs with the corresponding decrease in purchase of stock-in-trade.

(iii) Change in method of valuation of manufactured finished goods:

The Company has changed the cost formulae of the manufactured finished goods from retail method to cost method. The Company has applied the change in accounting policy retrospectively by adjusting the opening balance of equity for the earliest prior period presented and the other comparative amounts disclosed in financial statements for each prior period presented, to the extent possible. The change in policy would result in reliable and more relevant information as this change aligns the Company's accounting policy with the general industry practice, thereby enhancing the comparability of the Company's financial statements with those of other market participants within the industry. The change has resulted in decrease in inventory amounting to ` 2,693.19 lakhs as at 31 March 2018 and ` 3,932.29 lakhs as at 1 April 2017. The Company has recognised deferred tax assets on such decrease amounting to ` 941.11 lakhs as at 31 March 2018 and ` 1,360.88 lakhs as at 1 April 2017. Corresponding adjustment has been made in other equity amounting to ` 2,571.41 lakhs as at 1 April 2017, changes in inventories of finished goods, work-in-progress and traded goods for the year ended 31 March 2018 amounting to ` 1,239.10 lakhs and adjustment in other equity amounting to ` 819.33 lakhs.

(iv) Regrouping and reclassifications

The figures for the corresponding previous period have been regrouped/reclassified wherever necessary, to make them comparable.

4) Impacts of change in accounting policies on account of change in method of valuation of manufactured finished goods:

The amount of adjustment in the balance sheet as at 31 March 2019:

| | Balance as per old accounting policy | Increase/ (Decrease) | As at 31 March 2019 |
|---------------------------|---|-------------------------|------------------------|
| Non-current assets | | | |
| Income tax assets (net) | 669.14 | 238.76 | 907.90 |
| Current assets | | | |
| Inventories | 17,105.87 | 2,009.91 | 19,115.78 |
| Equity | | | |
| Other equity | 48,070.09 | (1,771.15) | 46,298.94 |

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ` lakhs, unless stated otherwise)

| | Balance as per old accounting policy | Increase/ (Decrease) | As at 31 March 2019 |
|--|---|---------------------------------|--------------------------------|
| The amount of adjustment in the statement of profit and loss for the year ended 31 March 2019: | | | |
| Expense: | | | |
| Changes in inventories of finished goods, work-in-progress and traded goods | (780.84) | (683.28) | (1,464.12) |
| Tax expense: | | | |
| Current tax expense | 2,033.61 | 238.76 | 2,272.37 |
| Impact on profit for the year | 1,252.77 | (444.52) | 808.25 |
| Impact on earnings per share | | | |
| Basic | 5.77 | (2.05) | 3.72 |
| Diluted | 5.65 | (2.00) | 3.64 |

41. Approval of financial statements

The financial statements were approved for issue by the board of directors on 20 May 2019.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sandeep Mehta

Partner

Membership No. : 099410

Place : Ludhiana

Date : 20 May 2019

For **Monte Carlo Fashions Limited****Jawahar Lal Oswal**

(Chairman and Managing Director)

(DIN : 00463866)

Raj Kapoor Sharma

(Chief Financial Officer)

(Membership No. 093017)

Place : Ludhiana

Date : 20 May 2019

Sandeep Jain

(Executive Director)

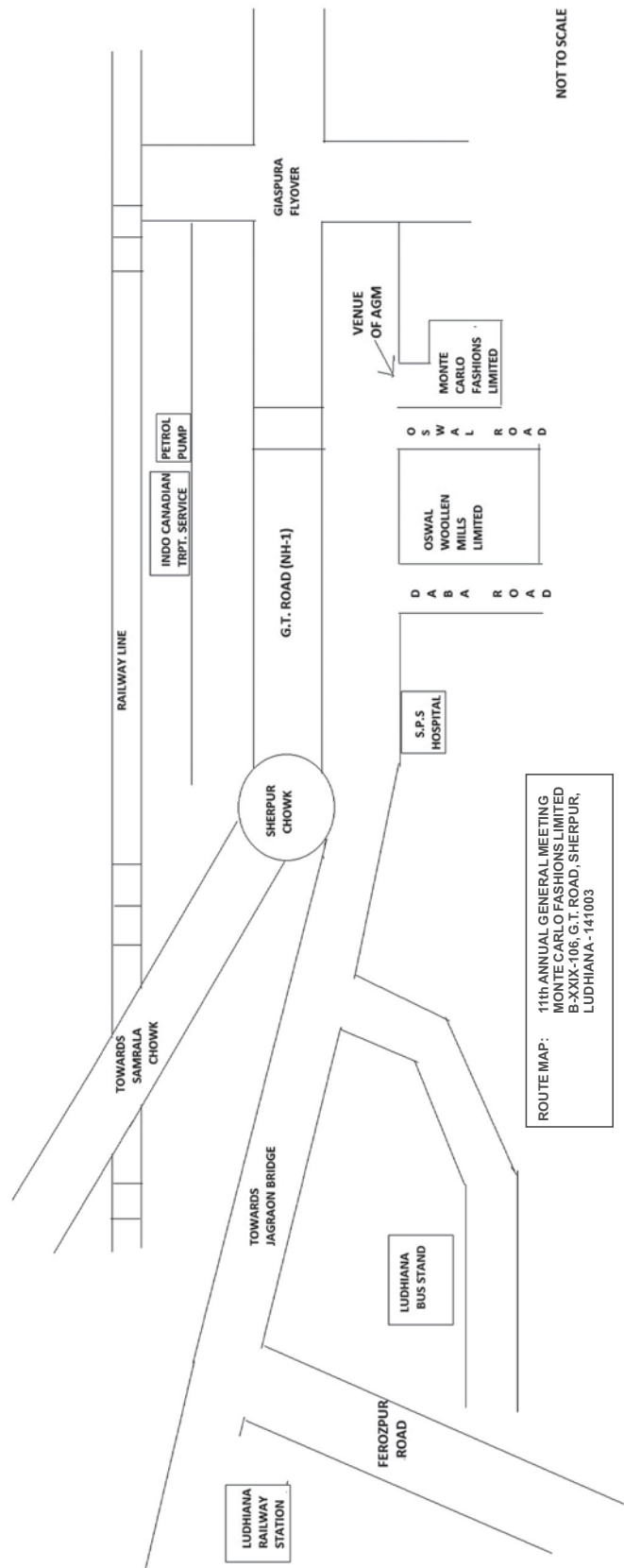
(DIN : 00565760)

Ankur Gauba

(Company Secretary)

(Membership No. A29405)

ROUTE MAP



ATTENDANCE SLIP**MONTE CARLO FASHIONS LIMITED**

(CIN: L51494PB2008PLC032059),

Registered Office: B-XXIX-106, G.T. Road, Sherpur, Ludhiana-141003

Tel.: 91-161-5048610-40, Fax: 91-161-5048650

Website: www.montecarlocorporate.com

E-mail: investor@montecarlocorporate.com

Eleventh (11TH) ANNUAL GENERAL MEETING**PLEASE FILL THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL**

| | |
|------------|---------------|
| DP ID* | Folio No. |
| Client ID* | No. of Shares |

NAME AND ADDRESS OF SHAREHOLDER:

I certify that I am the registered shareholder(s)/proxy for the registered shareholder of the Company.

I hereby record my presence at the Eleventh (11th) Annual General Meeting of the Company on Friday, the 27th day of September, 2019 at 11.00 A.M at the Registered Office of the Company at B-XXIX-106, G.T. Road, Sherpur, Ludhiana......
Signature of Member / Proxy**Notes:**

- *Applicable for investors holding shares in electronic form.
- Please read the instructions given at Note No. 26 of the Notice of Eleventh (11th) Annual General Meeting, carefully before voting electronically.

| ELECTRONIC VOTING PARTICULARS | | |
|---------------------------------|----------------------------------|--------------|
| EVSN (E-Voting Sequence Number) | User ID/ Folio No./ DP/Client ID | Sequence No. |
| 190820011 | | |

----- cut here -----

MONTE CARLO FASHIONS LIMITED

(CIN: L51494PB2008PLC032059)

Regd. Office: B-XXIX-106, G.T. Road, Sherpur, Ludhiana-141003

Tel.: 91-161-5048610-40, Fax: 91-161-5048650

Website: www.montecarlocorporate.com,

E-mail: investor@montecarlocorporate.com

PROXY FORM**Form No. MGT-11**

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

| | |
|-------------------------|-----------------------|
| Name of the Member (s): | E-Mail ID: |
| Registered Address: | Folio No./ Client ID: |
| | DP ID : |

I / We, being the member (s) of shares of Monte Carlo Fashions Limited, hereby appoints

- Name: E-mail ID:
Address:
..... Signature:, or failing him/her
- Name: E-mail ID:
Address:
..... Signature:, or failing him/her
- Name: E-mail ID:
Address:
..... Signature:

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Eleventh (11th) Annual General Meeting of the Company on Friday, the 27th day of September, 2019 at 11.00 A.M at the Registered Office of the Company situated at B-XXIX-106, G.T. Road, Sherpur, Ludhiana-141003 and at any adjournment thereof in respect of such business items as are indicated below:

| Item No. | Particulars | Optional* | |
|----------|--|-----------|---------|
| | | For | Against |
| | ORDINARY BUSINESS | | |
| 1. | To receive, consider and adopt the Audited Financial Statements for the Financial Year ended March 31, 2019 along with the Reports of the Directors and Auditors thereon | | |
| 2. | To appoint a Director in place of Sh. Sandeep Jain (DIN: 00565760), who retires by rotation in terms of Section 152(6) of Companies Act, 2013 and being eligible, offers himself for re-appointment. | | |
| 3. | To appoint a Director in place of Sh. Dinesh Gogna (DIN: 00498670), who retires by rotation in terms of Section 152(6) of Companies Act, 2013 and being eligible, offers himself for re-appointment. | | |
| 4. | To ratify the appointment of Statutory Auditors and to fix their remuneration. | | |
| | SPECIAL BUSINESS | | |
| 5. | Re-appointment of Dr. Suresh Kumar Singla (DIN: 00403423) as an Independent Director of the Company | | |
| 6. | Re-appointment of Dr. Manisha Gupta (DIN: 06910242) as an Independent Director of the Company | | |
| 7. | Re-appointment of Sh. Alok Kumar Misra (DIN: 00163959) as an Independent Director of the Company | | |
| 8. | Re-appointment of Dr. Amrik Singh Sohi (DIN: 03575022) as an Independent Director of the Company | | |
| 9. | Re-appointment of Sh. Ajit Singh Chatha (DIN: 02289613) as an Independent Director of the Company | | |

Signed this.....day of2019.

.....
Signature of Member

.....
Signature of Proxy holder(s)

Affix
Revenue
Stamp of
Re. 1

Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
- *It is optional to put a tick (✓) in the appropriate column against the Resolution indicated in the box. If you leave the 'For' or 'Against' column blank against any or all the Resolution, your proxy will be entitled to vote in the manner as he/ she thinks appropriate.
- Please complete all the details of the member(s) in box before submission.





MONTE CARLO FASHIONS LIMITED

(CIN: L51494PB2008PLC032059)

Registered Office: B-XXIX-106, G.T. Road, Sherpur, Ludhiana-141003

Tel.: 91-161-5048610-40, Fax: 91-161-5048650

Website: www.montecarlocorporate.com, E-mail: investor@montecarlocorporate.com

