

# MONTE CARLO

It's the way you make me feel

## 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](http://www.montecarlocorporate.com), E-mail: [investor@montecarlocorporate.com](mailto:investor@montecarlocorporate.com)

### NOTICE OF POSTAL BALLOT

Dear Shareholders,

NOTICE is hereby given pursuant to Section 110 and Section 108 of the Companies Act, 2013 (the “**Act**”), read with the Companies (Management and Administration) Rules, 2014 (the “**Management Rules**”) including any statutory modification or re-enactment thereof for the time being in force, and other applicable provisions, if any, that the resolutions appended herein below for seeking approval of the shareholders of Monte Carlo Fashions Limited (the “**Company**”) through Special Resolution by way of a Postal Ballot including voting by electronic means (“**e-voting**”). An explanatory statement pursuant to Section 102 of the Act and other applicable provisions of the Act, pertaining to the resolutions, setting out the material facts and reasons thereof, is appended along with this notice along with a postal ballot form (the “**Postal Ballot Form**”).

The Company has appointed Sh. Pritpal Singh Dua, (CP No. 3934) of M/s P.S. Dua & Associates, Practicing Company Secretaries, as Scrutinizer (the “**Scrutinizer**”) for conducting the Postal Ballot and E-voting process in a fair and transparent manner. Shareholders desiring to exercise their vote by Postal Ballot are requested to carefully read the instructions printed in the Postal Ballot Form and return the same duly completed in the accompanying self addressed business reply envelope (if posted in India) to the Scrutinizer and it should reach the Scrutinizer on or before the close of working hours i.e. 5.00 P.M. on 07<sup>th</sup> February, 2019 to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Shareholder. However the envelopes containing Postal Ballot Forms, if sent by courier or registered/speed post at its own expense shall also be accepted. The Postal Ballot Form(s) may also be deposited personally at the address given thereon. In compliance with the provisions of Sections 110 and 108 of the Companies Act, read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has also extended e-voting facility as an alternate for its Shareholders, to enable them to cast their votes electronically instead of dispatching the physical Postal Ballot Form by post. The Company has engaged services of Central Depository Services (India) Limited (“**CDSL**”) as its agency for providing e-voting facility to Shareholders of the Company. It may be noted that e-voting is optional. If a Shareholder casts his/her vote through e-voting as well as Postal Ballot Form, the vote cast through e-voting would be considered and votes cast through Postal Ballot Form shall be treated as invalid.

The e-voting commences on Wednesday, 09<sup>th</sup> day of January, 2019 at 09:00 A.M. IST and ends on Thursday, 07<sup>th</sup> day of February, 2019 at 05:00 P.M. IST. The e-voting module shall be disabled by CDSL for voting thereafter.

The Scrutinizer will submit his consolidated report to the Chairman & Managing Director, after completion of scrutiny of Postal Ballot Forms (including e-voting) in a fair and transparent manner. The results of the Postal Ballot will be announced by the Chairman & Managing Director or in his absence by any of Directors duly authorised by the Company or in their absence by the Company Secretary of the Company on or before 08<sup>th</sup> February, 2019 at the Registered Office of the Company and will also be displayed along with the Scrutinizer's report on the website of the Company ([www.montecarlocorporate.com](http://www.montecarlocorporate.com)), besides being communicated to BSE Limited (the “**BSE**”) and National Stock Exchange of India Limited (the “**NSE**”) (the NSE, together with the BSE, are referred to as the “**Stock Exchanges**”), where the shares of the Company are listed. The last date specified by the Company for receipt of duly completed Postal Ballot Forms or e-voting will be taken as the date on which the resolutions would be deemed to have passed, if approved by the requisite majority.

#### PROPOSED RESOLUTION:

##### ITEM NO. 1: To approve Buy-Back of Equity Shares

**To consider and, if thought fit, to pass, the following resolution as a Special Resolution:**

“**RESOLVED THAT** pursuant to Article 55 of the Articles of Association of the Company and the provisions of Sections 68, 69, 70 and 110, and all other applicable provisions, if any, of the Companies Act, 2013 (“**Companies Act**”), as amended, the Companies (Share Capital and Debentures) Rules, 2014 (the “**Share Capital Rules**”) and the provisions contained in the Securities and Exchange Board of India (Buy-Back of Securities) Regulations 2018, as amended (“**SEBI Buy-Back Regulations**”) to the extent applicable, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendments, statutory modifications or re-enactments, for the time being in force, and subject to such other approvals, permissions, sanctions and exemptions as may be necessary and subject to such conditions and modifications, if any, as may be prescribed or imposed by the appropriate authorities while granting such approvals, permissions, sanctions and exemptions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “**Board**”), which expression shall include any Committee constituted by the Board to exercise its powers, including the powers conferred

by this Resolution), consent of the Shareholders be and is hereby accorded to Buy-Back not exceeding 1,000,000 fully paid-up equity shares of face value of ₹10/- each (“**Equity Shares**”), at a maximum price of ₹ 550/- (Rupees Five Hundred Fifty only) per share (“**Maximum Buy-Back Price**”) for an aggregate maximum amount of upto ₹ 550,000,000/- (Rupees Fifty Five Crores only) excluding expenses incurred or to be incurred for the Buy-Back (“**Maximum Buy-Back Size**”), which is not exceeding 25% of the aggregate of the fully paid-up share capital and free reserves as per the audited financial statements of the Company as on March 31, 2018, out of the funds available with the Company from the equity Shareholders of the Company, as on the record date, on a proportionate basis, through the ‘tender offer’ route as prescribed under the SEBI Buy-Back Regulations (hereinafter referred to as the “**Buy-Back**”)

**RESOLVED FURTHER THAT** the Company, to the extent legally permissible, implement the Buy-Back using the “Mechanism for acquisition of shares through Stock Exchange” notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated 13 April 2015 and circular CFD/DCR2/CIR/P/2016/131 dated December 9, 2016 including any amendments thereof.

**RESOLVED FURTHER THAT** the Company may buyback Equity Shares from all the existing Shareholders holding Equity Shares of the Company as on the record date on a proportionate basis, provided that 15% (fifteen percent) of the number of Equity Shares which the Company proposes to buyback or number of Equity Shares entitled as per the shareholding of small shareholders as on the record date, whichever is higher, shall be reserved for the small shareholders, as prescribed under the proviso to Regulation 6 of the Buy-Back Regulations.

**RESOLVED FURTHER THAT** the Buy-Back from non-resident Shareholders holding Equity Shares of the Company, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) and shareholders of foreign nationality, etc. shall be subject to such approvals if, and to the extent necessary or required from the concerned authorities, including approvals from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 and the rules and regulations framed there under, if any.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to give effect to the aforesaid resolutions and may delegate all or any of the power(s) conferred hereinabove as it may in its absolute discretion deem fit, to any Director(s)/ Officer(s)/ Authorized Representative(s)/ Buy-Back Committee (“**Buy-Back Committee**”) of the Company in order to give effect to the aforesaid Resolutions, including but not limited to finalizing the terms of the Buy-Back like record date, entitlement ratio, the timeframe for completion of Buy-Back; appointment of intermediaries / agencies, as may be required, for the implementation of the Buy-Back; preparation, signing and filing of the Public Announcement, the Draft Letter of Offer / Letter of Offer with the Securities and Exchange Board of India, the stock exchanges and other appropriate authorities and to make all necessary applications to the appropriate authorities for their necessary approvals, if any; and to initiate all necessary actions for preparation and issue of various documents including letter of offer, opening, operation and closure of necessary accounts including escrow account with a bank, entering into agreements, release of public announcement, filing of declaration of solvency, obtaining all necessary certificates and reports from statutory auditors and other third parties as required under applicable law, extinguishment of dematerialized shares and physical destruction of share certificates in respect of the Equity Shares bought back by the Company, and such other undertakings, agreements, papers, documents and correspondence, under the Common Seal of the Company, as may be required to be filed in connection with the Buy-Back with the Securities and Exchange Board of India, Reserve Bank of India, Stock Exchanges, Registrar of Companies, Depositories and / or other regulators and statutory authorities as may be required from time to time.

**RESOLVED FURTHER THAT** the Buy-Back Committee be and is hereby authorized to delegate all or any of the authorities conferred upon it to any officer(s)/ authorized signatory(ies) of the Company.

**RESOLVED FURTHER THAT** nothing contained herein shall confer any right on the part of any shareholder to offer and / or any obligation on the part of Company or the Board or the Buy-Back Committee to buyback any shares, and / or impair any power of the Company or the Board or the Buy-Back Committee to terminate any process in relation to such Buy-Back, if so permissible by law.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the aforesaid resolutions, the Board and / or the Buy-Back Committee be and are hereby jointly and/or severally empowered and authorised on behalf of the Company to accept and make any alteration(s) and/or modification(s) to the terms and conditions as it may deem necessary, concerning any aspect of the Buy-Back, in accordance with the statutory requirements as well as to give such directions as may be necessary or desirable, to settle any questions, difficulties or doubts that may arise and generally, to do all acts, deeds, matters and things as the Board and / or any person authorized by the Board of Directors may, in its absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters consequential to the Buy-Back without seeking any further consent or approval of the Shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution.”

**ITEM NO. 2: To transfer the Special Reserve to General Reserve:**

**To consider and, if thought fit, to pass, the following resolution as a Special Resolution:**

“**RESOLVED THAT** consent of the Shareholders be and is hereby accorded that the balance lying in the Special Reserve amounting to ₹ 24,222.55 Lakhs in the Balance Sheet as at 31<sup>st</sup> March, 2018, which was earlier being part of Reserves and

also available for dividend now be clubbed, for the purpose of presentation in the Balance Sheet, with General Reserve, which is entirely available for the purpose of distribution of dividend in terms of provisions of the Section 2(43) of the Companies Act, 2013.”

By Order of the Board of Directors  
**For Monte Carlo Fashions Limited**

Place: Ludhiana  
Date: 30.11.2018

**Sahil Jain**  
Company Secretary

**NOTES:**

1. The Explanatory Statement, pursuant to the provisions of Section 102 of the Companies Act, 2013, setting out material facts in respect of Special Resolution to be passed through Postal Ballot/E-voting is annexed hereto along with postal ballot form, for your consideration. It also contains all disclosures as specified in Schedule I of SEBI Buy-Back Regulations.
2. The Notice is being sent to all the Shareholders, whose names appear in the Register of Shareholders/List of Beneficial Owners, as on the close of working hours on 07<sup>th</sup> December, 2018, i.e. Cut Off Date, as received from the National Securities Depository Limited (**NSDL**) and Central Depository Services (India) Limited (**CDSL**) and those Shareholders holding physical shares, whose details are received from the Registrar and Share Transfer Agent. Any person who is not a Shareholder of the Company as on date specified above shall treat the Notice for information purposes only.
3. The dispatch of the Postal Ballot Notice, Explanatory Statement indicating the manner of voting, completion of voting and other matters related to the Postal Ballot Procedure shall be announced through an advertisement in at least 1(one) English newspaper in English language and at least 1(one) Punjabi Newspaper, each having wide circulation in Ludhiana, where the Registered Office of the Company is situated and shall also be placed on the Company's website.
4. Shareholders who have registered their e-mail IDs with Depositories / with the Company/ with Registrar and Share Transfer Agent are being sent this Notice of Postal Ballot by e-mail and the Shareholders who have not registered their e-mail IDs will receive Postal Ballot Notice along with the Postal Ballot Form by Registered Post or any other prescribed mode.
5. In case a Shareholder is desirous of obtaining Postal Ballot Form or a duplicate one, the Shareholder may write to the Company or send an e-mail to investor@montecarlocorporate.com. The Company shall forward the same along with self addressed business reply envelope to the Shareholder.
6. Shareholders are requested to carefully read the instructions printed on the attached Postal Ballot form. The form, duly completed and signed, should be returned in the enclosed self-addressed, postage prepaid envelope, directly to the Scrutinizer so as to reach on or before 07<sup>th</sup> February, 2019, [05:00 P.M] (IST). Any response received from the Shareholders after that shall be treated as if no response is received in terms of Rule 22(12) of the Companies (Management and Administration) Rules, 2014.
7. A Shareholder cannot exercise his vote by proxy on postal ballot.
8. In case of any grievance/ clarification in connection with the Postal Ballot including e-voting, Shareholders may contact CDSL by e-mail at helpdesk.evoting@cdslindia.com or the Company Secretary at the contact details given herein or at companysecretary@montecarlocorporate.com
9. The Notice of Postal Ballot is also placed on the website of the Company www.montecarlocorporate.com and website of CDSL www.evotingindia.com.

**10. VOTING THROUGH ELECTRONIC MEANS**

In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules and Regulation 44 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended from time to time, the Company is pleased to provide e-voting facility to all its Shareholders, to enable them to cast their votes electronically, instead of dispatching the physical Postal Ballot Form by post. The Company has engaged the services of CDSL for the purpose of providing e-voting facility to all its Shareholders.

The instructions for shareholders voting electronically are as under:

- i) The voting period begins on Wednesday, 09<sup>th</sup> day of January, 2019 (at 09:00 A.M.) and ends on Thursday, 07<sup>th</sup> day of February, 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 07<sup>th</sup> December, 2018 (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. Shareholders 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:

<b>For Members holding shares in Demat Form and Physical Form</b>	
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"> <li>• Shareholders 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.</li> </ul>
Dividend Bank Details <b>OR</b> 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"> <li>• If both the details are not recorded with the depository or company please enter the Shareholder id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- viii) After entering these details appropriately, click on “SUBMIT” tab.
- ix) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, Shareholders 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 Shareholders 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 for the relevant <Company Name> 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](http://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](mailto: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](mailto: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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto: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. Sahil Jain,  
 Company Secretary and Compliance Officer  
 B-XXIX-106, G.T. Road,  
 Sherpur, Ludhiana – 141003,  
 Ph. 0161-5066628,  
 E-mail Id: [investor@montecarlocorporate.com](mailto:investor@montecarlocorporate.com).

xxii) Any person, who acquires shares of the Company and become Shareholder of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 07<sup>th</sup> December, 2018 may follow the same instructions as mentioned above for e-Voting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE**

**Item No. 1: To Approve Buy-Back of Equity Shares**

With an objective to enhance the overall shareholder’s value, optimize returns to shareholders and optimize the capital structure of the Company through return of surplus cash, the Board at its meeting held on November 30, 2018 has, subject to the approval of the shareholders of the Company by way of Special Resolution through postal ballot and subject to approvals of statutory, regulatory or governmental authorities as may be required under applicable laws, approved buy-back of, not exceeding 1,000,000 fully paid-up equity shares of face value ₹ 10/- each of the Company from all the Shareholders holding Equity Shares of the Company as on a record date (*to be decided later*) on a proportionate basis through the “tender offer” route, at a maximum price of ₹ 550/- (Rupees Five Hundred Fifty Only) per Equity Share payable in cash for an aggregate consideration not exceeding ₹ 550,000,000/- (Rupees Fifty Five Crores only) (representing 4.60% of the total number of Equity Shares in the paid-up share capital of the Company) excluding expenses incurred or to be incurred for the Buy-Back.

As per the relevant and other applicable provisions of the Companies Act and Buy-Back Regulations, this Explanatory Statement contains relevant and material information to enable the Shareholders holding Equity Shares of the Company to consider and approve the Special Resolution for the Buy-Back of the Company’s Equity Shares.

Requisite details relating to the Buy-Back are given below:

**(a) Necessity for the Buy-Back:**

Considering the healthy cash flows that the Company has been able to generate consistently, the future projected cash flows of the Company and the anticipated funds required for capital expenditure and working capital to meet the expected future growth of the company, the Board of the Company is of the view that the proposed Buy-Back will help the Company to achieve the following objectives: (a) Optimize returns to shareholders; (b) Enhance overall shareholders value; and (c) Optimize the capital structure.

The proposed Buy-Back is being undertaken, inter-alia, for the following reasons:

- (i) The Buy-Back will help the Company to return surplus cash to its Shareholders holding Equity Shares broadly in proportion to their shareholding, thereby, enhancing the overall return to the Shareholders;
- (ii) The Buy-Back may help in improving return on equity due to reduction in the equity base, thereby leading to long term increase in shareholders’ value;



The Buy-Back gives an option to the Shareholders holding Equity Shares of the Company, to either (i) choose to participate and get cash in lieu of Equity Shares to be accepted under the Buy-Back Offer or (ii) choose to not participate and enjoy a resultant increase in their percentage shareholding, post the Buy-Back Offer, without additional investment.

**(b) Maximum amount required for Buy-Back, its percentage of the total paid up Capital and free reserves and Source of funds from which Buy-Back would be financed:**

The maximum amount required for Buy-Back will not exceed ₹ 550,000,000/- (Rupees Fifty Five Crores only) excluding transaction costs, being 10.46% of fully paid up share capital and free reserves which is not exceeding 25% of the aggregate of the fully paid up share capital and free reserves as per the audited financial statements of the Company as on March 31, 2018 and the same has been confirmed by the statutory auditors of the Company.

The proposed Buy-Back will be implemented out of the funds available with the Company or such other source as may be permitted by the Buy-Back Regulations or the Companies Act. The Company confirms that it has got sufficient source to pay of the Buy Back price and would not borrow funds for the said purpose.

The Company shall transfer from its free reserves a sum equal to the nominal value of the Equity Shares bought back through the Buy-Back to the Capital Redemption Reserve Account and details of such transfer shall be disclosed in its subsequent audited financial statement.

**(c) Maximum Price at which shares are proposed to be bought back and basis of determining the Buy-Back price:**

The Equity Shares of the Company are proposed to be bought back at a maximum price of ₹ 550/- (Rupees Five Hundred Fifty only) per share. The said price has been determined after considering various factors including, but not limited to the volume weighted average prices of the Equity Shares traded on the BSE Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”) where the Equity Shares are listed, the net worth of the Company, price earnings ratio, impact on other financial parameters and the possible impact of Buy-Back on the earnings per Share.

The maximum price represents:

- (i) Premium of 47.37% and 45.60% over the volume weighted average market price of the Equity Shares on BSE and on NSE, respectively, during the three months preceding the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buy-Back.
- (ii) Premium of 58.92% and 58.13% over the volume weighted average market price of the Equity Shares on BSE and on NSE, respectively, for two weeks preceding the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buy-Back.

**(d) Maximum number of shares that the Company proposes to Buy-Back:**

The Company proposes to Buy-Back not exceeding 1,000,000 Equity Shares of ₹10/- each, which represents 4.60% of the total number of Equity Shares of the Company.

**(e) Method to be adopted for the Buy-Back:**

The Buy-Back shall be on a proportionate basis from all the Shareholders holding Equity Shares of the Company through the “tender offer” route, as prescribed under the Buy-Back Regulations, to the extent permissible, as per the Mechanism for acquisition of shares through Stock Exchange as prescribed by SEBI from time to time. The Buy-Back will be implemented in accordance with the Companies Act and the Share Capital Rules to the extent applicable, and the Buy-Back Regulations and on such terms and conditions as may be deemed fit by the Company.

As required under the Buy-Back Regulations, the Company will announce a record date (the “Record Date”) for determining the names of the Shareholders holding Equity Shares of the Company who will be eligible to participate in the Buy-Back.

The Equity Shares to be bought back as a part of the Buy-Back is divided in two categories:

- (i) Reserved category for small shareholders; and
- (ii) General category for all other shareholders.

As defined in Regulation 2(i)(n) of the Buy-Back Regulations, a “small shareholder” is a shareholder who holds Equity Shares having market value, on the basis of closing price on Stock Exchanges having highest trading volume as on Record Date, of not more than ₹ 200,000/- (Rupees Two Lakhs Only).

In accordance with the proviso to Regulation 6 of the Buy-Back Regulations, 15% (fifteen percent) of the number of Equity Shares which the Company proposes to Buy-Back or number of Equity Shares entitled as per the shareholding of small shareholders as on the Record Date, whichever is higher, shall be reserved for the small shareholders as part of this Buy-Back.

Based on the holding on the Record Date, the Company will determine the entitlement of each shareholder to tender their shares in the Buy-Back. This entitlement for each shareholder will be calculated based on the number of Equity

Shares held by the respective shareholder as on the Record Date and the ratio of Buy-Back applicable in the category to which such shareholder belongs.

Shareholders' participation in Buy-Back will be voluntary. Shareholders holding Equity Shares of the Company also have the option of tendering additional shares (over and above their entitlement) and participate in the shortfall created due to non-participation of some other shareholders, if any.

The maximum tender under the Buy-Back by any shareholder cannot exceed the number of Equity Shares held by the shareholder as on the Record Date.

The Equity Shares tendered as per the entitlement by Shareholders holding Equity Shares of the Company as well as additional shares tendered, if any, will be accepted as per the procedure laid down in Buy-Back Regulations. The settlement of the tenders under the Buy-Back is expected to be done using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated 13 April 2015.

Detailed instructions for participation in the Buy-Back (tender of Equity Shares in the Buy-Back) as well as the relevant time table will be included in the Letter of Offer which will be sent in due course to the Shareholders holding Equity Shares of the Company as on the Record Date.

The Buy-Back from shareholders who are residents outside India, including Foreign Corporate Bodies (including erstwhile Overseas Corporate Bodies) and Foreign Portfolio Investors, shall be subject to such approvals, if any and to the extent required from the concerned authorities including approvals from the Reserve Bank of India under Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 and the rules and regulations framed there under, and such approvals shall be required to be taken by such non-resident Eligible Shareholders

**(f) Time limit for completing the Buy-Back**

The Buy-Back is proposed to be completed within 12 months of the date of Special Resolution approving the proposed Buy-Back.

**(g) Details of shareholding**

The aggregate shareholding of the Promoters, Person in Control of the Company, the directors of the Promoter Company, Directors and Key Managerial Personnel of the Company as on 30<sup>th</sup> November, 2018 are as follows:

Shareholding of Promoter and Person in Control of the Company:

Sr. No.	Name	No. of Shares held	Percentage
1.	Sidhant And Mannat Company Limited	5229714	24.06%
2.	Simran And Shanaya Company Limited	4404000	20.26%
3.	Nahar Capital And Financial Services Ltd	1651215	7.60%
4.	Nagdevi Trading & Investment Co. Ltd.	1185150	5.45%
5.	Vanaik Investors Ltd.	409273	1.88%
6.	Ms. Tanvi Oswal	175000	0.81%
7.	Sh. Kamal Oswal	109112	0.50%
8.	Sh. Jawahar Lal Oswal	111359	0.51%
9.	Sh. Dinesh Oswal	108623	0.50%
10.	Smt. Abhilash Oswal	107583	0.50%
11.	Vanaik Spinning Mills Ltd.	95842	0.44%
12.	Mr. Sambhav Oswal	87500	0.40%
13.	Oswal Woolen Mills Ltd.	75642	0.35%
14.	Mr. Abhinav Oswal	70000	0.32%
15.	Sh. Rishabh Oswal	70000	0.32%
16.	Atam Vallabh Financiers Ltd.	67106	0.31%
17.	Smt. Manisha Oswal	52500	0.24%
18.	Vardhman Investments Ltd.	49718	0.23%
19.	Smt. Ritu Oswal	17500	0.08%
20.	Smt. Monica Oswal	1050	0.00%
21.	Smt. Ruchika Oswal	1050	0.00%
22.	Neha Credit & Investment Pvt. Ltd.	42	0.00%

Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	No. of Shares held	Percentage
1.	Sh. Jawahar Lal Oswal	111359	0.51%
2.	Sh. Sandeep Jain	344	0.00%
3.	Smt. Monica Oswal	1050	0.00%
4.	Smt. Ruchika Oswal	1050	0.00%
5.	Sh. Dinesh Gogna	1000	0.00%
6.	Sh. Raj Kapoor Sharma	380	0.00%

Except as stated above, none of the Directors or Key Managerial Personnel of the Company holds any Equity Shares in the Company.

Aggregate number of shares or other specified securities purchased or sold by the (i) Promoters, (ii) Person in Control of the Company, (iii) directors of the Promoter Company, (iv) Directors during the six (6) months preceding the date of the Board meeting at which the proposal for Buy-Back was approved, i.e. 30<sup>th</sup> November, 2018 (date of this Postal Ballot Notice) together with the details of the maximum and minimum price for such transaction are as follows:

Name of Promoter/ Promoter Group/ Director	Nature of Transaction	No. of Equity Shares purchased/ sold	Date of Transaction	Maximum Price (₹)*	Minimum Price (₹)*
Oswal Woollen Mills Limited	Buy	6023	18.07.2018	400.80	399.75
	Buy	8508	19.07.2018	398.80	395.79
	Buy	2938	20.07.2018	398.60	390.58
Sh. Sandeep Jain	Buy	500	24.07.2018	397.00	394.00
	Sell	50	30.08.2018	441.00	441.00
	Sell	30	03.09.2018	444.00	444.00
	Sell	76	04.09.2018	449.00	442.00
Sh. Jawahar Lal Oswal	Gift	2572	30.10.2018	N.A.	N.A.

\*Excluding Brokerage and other transaction costs.

**(h) Intention of Promoter and Promoter Group to participate**

In terms of the Buy-Back Regulations, under the Tender Offer route, the Promoters of the Company have an option to participate in the Buy-Back. However, Promoter and/or the Promoter Group have expressed their intention vide letter dated 28<sup>th</sup> November, 2018 not to participate in the Buy-Back.

**(i)** The Company hereby confirms that there are no defaults subsisting in the repayment of deposits, interest payment thereon, redemption of debentures or interest payment thereon or redemption of preference shares or payment of dividend due to any shareholder, or repayment of any term loans or interest payable thereon to any financial institution or banking company.

**(j) Confirmation from the Board**

The Board of Directors of the Company has confirmed that it has made a full enquiry into the affairs and prospects of the Company and has formed the opinion that:

- (i) Immediately following the date of the Board meeting, and the date on which the results of shareholders' resolution passed by way of Postal Ballot/ E-voting ("**Postal Ballot Resolution**") will be declared, approving the Buy-Back, there will be no grounds on which the Company could be found unable to pay its debts;
- (ii) As regards the Company's prospects for the year immediately following the date of the Board meeting approving the Buy-Back as well as for the year immediately following the date of Postal Ballot Resolution, and having regard to the Board's intention with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in the Board's view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the Board meeting as also from the date Postal Ballot Resolution; and
- (iii) In forming an opinion as aforesaid, the Board has taken into account the liabilities (including prospective and contingent liabilities), as if the Company was being wound up under the provisions of the Companies Act, 2013 or the Insolvency and Bankruptcy Code 2016.



**(k) Report addressed to the Board of Directors by the Company's Auditors on the permissible capital payment and the opinion formed by Directors regarding insolvency**

The text of the Report dated 28 November, 2018 received from the Company's Auditors addressed to the Board of Directors of the Company is reproduced below:

**Quote:**

**Independent Auditor's Report on planned buy-back of equity shares**

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

1. This report is issued in accordance with the terms of our engagement letter dated 25 October 2018 with Monte Carlo Fashions Limited (the 'Company').
2. The management of the Company has prepared the accompanying Annexure A-Statement of permissible capital payment as on 28 November 2018 (the 'Statement') pursuant to the planned buy-back of equity shares. The Statement contains the computation of amount of permissible capital payment towards buy-back of equity shares in accordance with the requirements of section 68(2)(c) of the Act and based on the latest audited financial statements for the year ended 31 March 2018. We have initialed the Statement for the identification purposes only.

**Management's Responsibility for the Statement**

3. The preparation of the Statement in accordance with the requirements of section 68(2)(c) of the Act and ensuring compliance with the SEBI buy-back regulations, is the responsibility of the management of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Board of Directors is also responsible to make a full inquiry into the affairs and prospects of the Company and to form an opinion on reasonable grounds that the Company will be able to pay its debts from the date of Board meeting at which the proposal for buy-back was approved; and will not be rendered insolvent within a period of one year from the date of the Board meeting at which the proposal for buy-back was approved by the Board of Directors of the Company, and in forming the opinion, it has taken into account the liabilities (including prospective and contingent liabilities) as if the Company were being wound up under the provisions of the Actor the Insolvency and Bankruptcy Code 2016. Further, a declaration is required to be signed by at least two directors of the Company in this respect in accordance with the requirements of the section 68 (6) of the Act and the SEBI buy-back regulations.

**Auditor's Responsibility**

5. It is our responsibility to provide reasonable assurance on whether:
  - a) we have inquired into the state of affairs of the Company in relation to the audited financial statements for the year ended 31 March 2018;
  - b) the amount of permissible capital payment, as stated in the Statement, has been properly determined considering the audited financial statements for the year ended 31 March 2018 in accordance with section 68(2)(c) of the Act; and
  - c) whether the Board of Directors of the Company, in its meeting dated 13 November 2018, has formed the opinion, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the aforesaid date.
6. The audited financial statements, referred to in paragraph 5 above, have been audited by us, on which we have issued unmodified audit opinion vide our report dated 25 May 2018. Our audit of these financial statements was conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the 'ICAI'). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Such audit was not planned and performed in connection with any transactions to identify matters that maybe of potential interest to third parties.
7. We conducted our examination of the Statement in accordance with the 'Guidance note on reports or certificates for special purposes' ('Guidance note'), issued by the ICAI. The Guidance note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality control for firms that perform audits and reviews of historical financial information, and other assurance and related services engagements, issued by the ICAI.
9. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the matters mentioned in paragraph 5 above. The procedures selected depend on the auditor's judgment, including the assessment of the risks associated with the matters mentioned in paragraph 5 above. We have performed the following procedures in relation to the matters mentioned in paragraph 5 above:
  - a) Inquired into the state of affairs of the Company in relation to the audited financial statements for the year ended 31 March 2018;
  - b) Examined authorisation for buy back from the Articles of Association of the Company;
  - c) Agreed the balance of the retained earnings, special reserve, securities premium account and general reserve as at 31 March 2018 as disclosed in the Statement with the audited financial statements;
  - d) Examined that the ratio of secured and unsecured debt owed by the Company is not more than twice the capital and its free reserves after such buy-back;
  - e) Examined that all the shares for buy-back are fully paid-up;
  - f) Examined that the amount of capital payment for the buy-back as detailed in the Statement is within the permissible limit computed in accordance with section 68(2)(c) of the Act;
  - g) Inquired if the Board of Directors of the Company, in its meeting held on 13 November 2018 has formed the opinion, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the aforesaid date of the board meeting;
  - h) Examined minutes of the meetings of the Board of Directors;
  - i) Verified the arithmetical accuracy of the Statement; and
  - j) Obtained appropriate representations from the management of the Company.

**Opinion**

10. Based on our examination as above and the information, explanations and representations provided to us by the management, in our opinion:
  - a) we have inquired into the state of affairs of the Company in relation to audited financial statements for the year ended 31 March 2018;
  - b) the amount of the permissible capital payment towards the planned buy-back of equity shares as computed in the accompanying Statement, is properly determined in accordance with the requirements of section 68(2)(c) of the Act based on the audited financial statements for the year ended 31 March 2018; and
  - c) the Board of Directors of the Company, in its meeting held on 13 November 2018 has formed opinion, on reasonable grounds and that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from the aforesaid date.
  - d) This report does not and should not be construed to provide an assurance about the future viability of the Company or the efficiency or the effectiveness with which the management has conducted the affairs of the Company.

**Restriction on distribution or use**

11. This report is addressed to and provided to the Board of Directors of the Company solely for the purpose of its internal use and reference for the planned buy-back. Accordingly, this report may not be suitable for any other purpose, and therefore, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose for which or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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

**Sd/-**  
**Sandeep Mehta**  
Partner  
Membership No. 099410

**Place:** Chandigarh  
**Date:** 28 November 2018

**Planned buy-back of equity shares****Annexure A- Statement of permissible capital payment**

Particulars		Amount (₹ In lacs)
<b>Paid-up equity share capital as at 31 March 2018 (21,732,064 equity shares of ₹ 10 each fully paid-up)</b>	<b>A</b>	2,173.21
<b>Free reserves (refer note 1):</b>		
Retained Earnings as at 31 March 2018	572.08	
General Reserve as at 31 March 2018	12,753.19	
Special Reserve as at 31 March 2018	24,222.55	
Securities Premium as at 31 March 2018	12,869.76	
<b>Total free reserves</b>	<b>B</b>	50,417.58
<b>Paid-up equity capital and free reserves as at 31 March 2018</b>	<b>(A+B)</b>	52,590.79
Permissible capital payment (25% of the paid-up equity capital and free reserves)		13,147.70

**Note 1** – Free reserves as defined in Section 2(43) of the Companies Act, 2013 read along with Explanation II provided in Section 68 of the Companies Act, 2013.

**Note 2** –The above calculation of the paid-up Equity Capital and Free Reserves as at 31 March 2018 for buyback of equity shares is based on the amounts appearing in the audited financial statements of the Company for the year ended 31 March 2018. These financial statements were prepared and presented in accordance with the Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015 as specified in section 133 of the Companies Act, 2013.

For and on behalf of

**Monte Carlo Fashions Limited**

**Sd/-  
(Director)**

**Date:** 28 November 2018

**(I) Confirmations from Company as per the provisions of Buy-Back Regulations and Companies Act**

- a) All the Equity shares are fully paid-up.
- b) The Company will not Buy-Back its shares so as to delist its shares from the Stock Exchange.
- c) That the Company will not Buy-Back its shares from any person through negotiated deals whether on or off the stock Exchanges or through spot transactions or through any private arrangement in the implementation of the Buy-Back.
- d) There is no pendency of any scheme of amalgamation or compromise or arrangement pursuant to the provisions of the Act;
- e) The Company has been in compliance with Sections 92, 123, 127 and 129 of the Act.
- f) The Company shall not issue any Equity Shares or other securities (including by way of bonus) till the date of closure of the Buy-Back;
- g) The Company shall not raise further capital for a period of one year from the closure of the Buy-Back offer, except in discharge of subsisting obligations;
- h) The Company shall not withdraw the Buy-Back after the draft letter of offer is filed with SEBI or the public announcement of the offer to Buy-Back is made;
- i) The Company shall not buy-back locked-in shares and non-transferable shares or other specified securities till the pendency of the lock-in or till the shares or other specified securities become transferable;
- j) The special resolution approving the Buy-Back will be valid for a maximum period of one year from the date of passing the said special resolution (or such extended period as may be permitted under the Companies Act or the

Buy-Back Regulations or by the appropriate authorities). The exact time table for the Buy-Back shall be decided by the Board (or its duly constituted Committee) within the above time limits;

- k) The equity shares bought back by the Company will be compulsorily cancelled in the manner prescribed under the Buy-back Regulations and the Companies Act and will not be held for re-issuance;
- l) The ratio of the aggregate of secured and unsecured debts owed by the company after buy-back is not more than twice the paid-up capital and its free reserves.
- m) The company shall not directly or indirectly purchase its own shares or other specified securities— (a) through any subsidiary company including its own subsidiary companies, (b) through any investment company or group of investment companies.
- n) The Company confirms that it shall not directly or indirectly purchase its own shares or other specified securities:
  - (a) through any subsidiary company including its own subsidiary companies; and
  - (b) through any investment company or group of investment companies
- o) The Equity Shares bought back by the Company will be extinguished and physically destroyed in the manner prescribed under the Buy-back Regulations and the Act within 7 (seven) days of the last date of completion of the Buy-back

For any clarifications related to the Buy-Back process, shareholders holding Equity Share of the Company may contact the Company Secretary of the Company.

Sh. Sahil Jain,  
Company Secretary and Compliance Officer  
B-XXIX-106, G.T. Road, Sherpur, Ludhiana – 141003,  
Ph. 0161-5066628,  
E-mail Id: investor@montecarlocorporate.com.

All the material documents referred to in the Notice and Explanatory Statement such as the Memorandum and Articles of Association of the Company, relevant Board resolution for the Buy-Back, the Auditors Report dated November 28, 2018 and the audited financial statements for period ending March 31, 2018 are available for inspection without any fee by the shareholders at the Company's registered office during normal business hours on working days from the date of dispatch of the notice up to the last date of voting, i.e. 07<sup>th</sup> February, 2019.

In the opinion of the Board, the proposal for Buy-Back is in the interest of the Company and its shareholders holding Equity Shares of the Company. The directors of the Company, therefore, recommend passing of the Special Resolution as set out at Item no. 1 of the accompanying Postal Ballot Notice.

None of the directors, key managerial personnel and/or their relatives are concerned or interested in the proposed resolution set out at Item no. 1 of the Notice, except to the extent of their shareholding.

The Board recommends the resolution set forth in Item no. 1 for approval of the shareholders.

**Item No. 2: To transfer the Special Reserve to General Reserve**

The Board of Directors in its meeting held on 21<sup>st</sup> March, 2014 had created a Special Reserve out of the accumulated profits of the company, to be utilized for future acquisitions in line with the existing business of the company.

However, the said reserve was not under any statutory obligation and was available for the purpose of distribution of dividend. Since, the Board of Directors has decided that there is no point in keeping the said reserve separately. Therefore, it was decided that the same be clubbed with General Reserve for the purpose of presentation in Balance Sheet.

None of the directors, Key Managerial Personnel of the Company and/or their relatives are concerned/ interested in the proposed resolution as set out at Item no. 2 of the Notice.

The board of Directors of the Company recommends the Resolution to be passed as a Special Resolution as set out in Item No. 2 of the accompanying notice for approval of the Shareholders through Postal Ballot.