

# MONTE CARLO FASHIONS LIMITED



MONTE CARLO 

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8<sup>th</sup>  
Annual Report  
2015-16



# 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. Dinesh Gogna	Director	
Sh. Paurush Roy	Director	
Sh. Ajit Singh Chatha	Independent Director	
Dr. Manisha Gupta	Independent Director	
Dr. Sailen Kumar Chaudhuri	Independent Director	
Dr. Suresk Kumar Singla	Independent Director	
Dr. Yash Paul Sachdeva	Independent Director	
Dr. Amrik Singh Sohi	Additional Director (Independent)	
Sh. Alok Kumar Misra	Additional Director (Independent)	

<b>CHIEF FINANCIAL OFFICER</b> Sh. Raman Kumar  <b>COMPANY SECRETARY</b> Sh. Sahil Jain  <b>STATUTORY AUDITORS</b> Walker, Chandio & Co. LLP Chartered Accountants B-406 A, 4th Floor, L & T Elante Office Industrial Area, Phase I, Chandigarh-160002  <b>SECRETARIAL AUDITOR</b> P. S. Dua & Associates	<b>REGISTRAR &amp; SHARE TRANSFER AGENT</b> Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg Bhandup (West), Mumbai – 400 078  <b>BANKERS:</b> Allahabad Bank Indian Bank State Bank of Patiala State Bank of India  <b>WORKS</b> 231, Industrial Area-A-Ludhiana B-XXIX-106, G.T. Road, Sherpur-Ludhiana G.T. Road, Millerganj, -Ludhiana Plot No-425 & 427, Near Textile Colony-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 **EIGHTH (8<sup>th</sup>) ANNUAL GENERAL MEETING** of the members of **MONTE CARLO FASHIONS LIMITED** will be held as scheduled below:

**DATE** : 29<sup>th</sup> September, 2016

**DAY** : Thursday

**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, 2016 along with the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares of the Company for the Financial Year 2015-16.
3. To appoint a Director in place of Sh. Paurush Roy (DIN:03038347), who retires by rotation in terms of Section 152(6) of Companies Act, 2013 and being eligible, offers himself for re-appointment.
4. 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.
5. 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** pursuant to the provisions of Section 139 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 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 Ninth AGM of the Company at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

**SPECIAL BUSINESS:**

**6. To approve Related Party Transactions:**

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

**“RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, consent and approval of the Company be and is hereby accorded to the Board of Directors to enter into Agreement(s)/Contract(s)/Transaction(s) in its ordinary course of business with its Related Parties namely Oswal Woollen Mills Limited, Cotton County Retail Limited, Nahar Spinning Mills Limited, Nahar Industrial Enterprises Limited, Vanaik Spinning Mills Limited and Retailerkart E-Venture Private Limited for purchase and sale of goods, rendering/availing of services and reimbursement of expenses on arm's length basis, on behalf of the Company for the financial year 2016-17.

**RESOLVED FURTHER THAT** the Board of Directors (hereinafter referred to as Board) or a Committee thereof be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary or expedient to give effect to the aforesaid resolution.”

**7. To appoint 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 an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr. Amrik Singh Sohi (DIN: 03575022), Additional Director of the Company who shall hold the office upto the date of ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his

candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for three consecutive years w.e.f. 01.02.2016 and whose office shall not be liable to be determined for retirement by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary and expedient, including signing and issuing letter of appointment and to complete all other formalities as may be required in this regard."

**8. To appoint 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 an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sh. Alok Kumar Misra (DIN: 00163959), Additional Director of the Company who shall hold the office upto the date of ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for three consecutive years w.e.f. 09.08.2016 and whose office shall not be liable to be determined for retirement by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary and expedient, including signing and issuing letter of appointment and to complete all other formalities as may be required in this regard."

**9. To re-appoint Sh. Jawahar Lal Oswal (DIN: 00463866) as Chairman & Managing 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 Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act 2013, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and such other approvals as may be required, Sh. Jawahar Lal Oswal (DIN: 00463866) be and is hereby re-appointed as Chairman & Managing Director of the Company for a term of five years w.e.f. 10.08.2016 on the terms and conditions mentioned herein below:

**REMUNERATION:**

**A. Basic Salary:**

₹25,00,000/- (Rupees Twenty Five Lacs only) per month with such annual increase as may be decided by the Board (which includes a committee thereof) from time to time, but subject to maximum Basic Salary of ₹50,00,000/- (Rupees Fifty Lacs only) per month during the aforesaid term.

**B. Commission:**

2% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013.

**C. Perquisites and Allowances:**

In addition to the salary, the following perquisites and allowances shall be allowed:

**a. House Rent Allowance:**

Free Residential Accommodation or House Rent Allowance @ 50% of Basic Salary.

**b. Employer's contribution to Provident fund/superannuation fund:**

As per rules of the Company.

**c. Gratuity / Contribution to Gratuity Fund:**

Gratuity shall be paid as per rules of the Company.

**d. Medical Reimbursement:**

Expenses incurred on self and his family including medical insurance premium, subject to a ceiling of one month's Basic Salary per year or three month's Basic Salary over a period of three years.

**e. Leave Travel Concession:**

Air Fare for self and family once in a year to any destination within or outside India. Family defined as his spouse and two dependent children.

**f. Club Fees:**

Fees and expenses at clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

**g. Personal Accident Insurance:**

The Company shall pay/ reimburse Personal Accident Insurance as per rules of the Company.

**h. Car/Telephone:**

Car with driver and telephone at his residence. Provision of car for use on Company's business and telephone facility at residence will not be considered as perquisites.

**RESOLVED FURTHER THAT** the Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee of the Board, if any, be and is hereby authorized to alter, amend, vary the terms and conditions of appointment including remuneration as may be agreed between the Board of Directors and Sh. Jawahar Lal Oswal, subject to the limits prescribed in the Companies Act, 2013 read with Schedule V or subject to the approval of the Central Government, if any required, and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to above resolution.”

**10. To re-appoint Smt. Ruchika Oswal (DIN: 00565979) as Executive 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 Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and such other approvals as may be required, Smt. Ruchika Oswal (DIN: 00565979) be and is hereby re-appointed as Executive Director of the Company for a term of five years w.e.f. 10.08.2016 on the terms and conditions mentioned herein below:

**REMUNERATION:**

**A. Basic Salary**

₹4,50,000/- (Rupees Four Lacs Fifty Thousand only) per month with such increase as may be decided by the Board (which includes a committee thereof) from time to time, but subject to maximum Basic Salary of ₹10,00,000/- (Rupees Ten Lacs only) per month during the aforesaid term.

**B. Perquisites and Allowances:**

In addition to the Basic Salary, the following perquisites and allowances shall be allowed:

**a. House Rent Allowance:**

Free Residential Accommodation or House Rent Allowance @ 30% of Basic Salary.

**b. Bonus / Ex-Gratia and Encashment of Leave:**

As per Rules of the Company.

**c. Employer's contribution to Provident fund/superannuation fund:**

As per Rules of the Company.

**d. Gratuity / Contribution to Gratuity Fund:**

Gratuity shall be paid as per Rules of the Company.

**e. Medical Reimbursement:**

Expenses incurred on self and her family including medical insurance premium, subject to a ceiling of one month's Basic Salary per year or three month's Basic Salary over a period of three years.

**f. Leave Travel Concession:**

Air Fare for self and family once in a year to any destination within or outside India. Family defined as her spouse and two dependent children.

**g. Club Fees:**

Fees and expenses at clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

**h. Personal Accident Insurance:**

The Company shall pay/reimburse Personal Accident Insurance as per rules of the Company.

**i. Car/Telephone:**

Car with driver and telephone at her residence. Provision of car for use on company's business and telephone facility at residence will not be considered as perquisites.

**RESOLVED FURTHER THAT** the Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee of the Board, if any, be and is hereby authorized to alter, amend, vary the terms and conditions of appointment including remuneration as may be agreed between the Board of Directors and Smt. Ruchika Oswal, subject to the limits prescribed in the Companies Act, 2013 read with Schedule V or subject to the approval of the Central Government, if any required, and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to above resolution.”

**11. To re-appoint Smt. Monica Oswal (DIN: 00566052) as Executive 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 Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act 2013, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and such other approvals as may be required, Smt. Monica Oswal (DIN: 00566052) be and is hereby re-appointed as Executive Director of the Company for a term of five years w.e.f. 10.08.2016 on the terms and conditions mentioned herein below:

**REMUNERATION:**

**A. Basic Salary**

₹4,50,000/- (Rupees Four Lacs Fifty Thousand only) per month with such increase as may be decided by the Board (which includes a committee thereof) from time to time, but subject to maximum Basic Salary of ₹10,00,000/- (Rupees Ten Lacs only) per month during the aforesaid term.

**B. Perquisites and Allowances:**

In addition to the Basic Salary, the following perquisites and allowances shall be allowed:

**a. House Rent Allowance:**

Free Residential Accommodation or House Rent Allowance @ 30% of Basic Salary.

**b. Bonus / Ex-Gratia and Encashment of Leave:**

As per Rules of the Company.

**c. Employer's contribution to Provident fund/superannuation fund:**

As per Rules of the Company.

**d. Gratuity / Contribution to Gratuity Fund:**

Gratuity shall be paid as per Rules of the Company.

**e. Medical Reimbursement:**

Expenses incurred on self and her family including medical insurance premium, subject to a ceiling of one month's Basic Salary per year or three month's Basic Salary over a period of three years.

**f. Leave Travel Concession:**

Air Fare for self and family once in a year to any destination within or outside India. Family defined as her spouse and two dependent children.

**g. Club Fees:**

Fees and expenses at clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

**h. Personal Accident Insurance:**

The Company shall pay/reimburse Personal Accident Insurance as per rules of the Company.

**i. Car/Telephone:**

Car with driver and telephone at her residence. Provision of car for use on company's business and telephone facility at residence will not be considered as perquisites.

**RESOLVED FURTHER THAT** the Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee of the Board, if any, be and is hereby authorized to alter, amend, vary the terms and conditions of appointment including remuneration as may be agreed between the Board of Directors and Smt. Monica Oswal, subject to the limits prescribed in the Companies Act, 2013 read with Schedule V or subject to the approval of the Central Government, if any required, and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to above resolution."

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

**Place : Ludhiana  
Date : 09.08.2016**

**Sahil Jain  
(Company Secretary)**

**NOTES:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING 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.

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.

- 2. 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.**
- 3. 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.**
- 4. The Register of Members and Share Transfer Books of the Company shall remain closed from September 23, 2016 to September 29, 2016 (both days inclusive).**

5. The dividend, as recommended by the Board of Directors, if declared at the meeting, will be paid, within 30 days from the date of declaration, to the members holding shares as on the record date i.e. September 22, 2016 on 2,17,32,064 equity shares of the Company. In respect of shares held in dematerialized form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the respective depositories for this purpose.
6. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Transfer Agent 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.
7. 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.
  - (iii) The Annual Report 2015-16 is being sent through electronic mode only to those members whose email addresses are registered with the Company/Depository Participant(s), unless any members who have not registered their email addresses, physical copies of the Annual Report 2015-16 are being sent by permitted mode.
8. Members seeking any information with regard to the annual audited accounts at the time of the meeting are requested to write to the company at least 10 days before the date of the AGM so as to enable the management to keep the relevant information ready.
9. 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') and Secretarial Standard-2 is annexed herewith as **Annexure A**.
10. All the documents referred to in the Notice of the meeting shall remain open for inspection at the Registered Office of the Company during office hours on all the working days.
11. The Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 and the Register of Director and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting (AGM).
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Company/ Link Intime India Pvt. Ltd.
13. Members holding shares in physical form are requested to notify change in their address, if any, 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.
14. 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 resolution 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 shareholders to cast their votes electronically.
15. Members may also note that the Notice of the Annual General Meeting and Annual Report of the Company for the year ended 31<sup>st</sup> March, 2016 will be uploaded on the Company's website i.e. [www.montecarlocorporate.com](http://www.montecarlocorporate.com) and on the website of CDSL i.e. [www.cdslindia.com](http://www.cdslindia.com), may be accessed by the members.
16. 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 already cast 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 General Meeting but shall not be entitled to cast their vote again at the General Meeting.
17. The Company has appointed Sh. Pritpal Singh 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.
18. The Results of the voting declared shall be placed along with the Scrutinizer's Report on the website of the Company i.e. [www.montecarlocorporate.com](http://www.montecarlocorporate.com), besides being communicated to BSE Limited and the National Stock Exchange of India Limited, where the shares of the Company are listed.
19. **Voting through Electronic means:**  
The instructions for members for voting electronically are as under:
  - (i) The voting period begins on 26<sup>th</sup> September, 2016 (at 09:00 A.M) and ends on 28<sup>th</sup> September, 2016 (at 5:00 P.M). During this period, shareholders of the Company holding shares either in physical form or in dematerialized



form as on 22<sup>nd</sup> September, 2016 (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](http://www.evotingindia.com).
- (iii) Click on **Shareholders** tab.
- (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](http://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"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip in the PAN field.</li> </ul>
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. 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 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 out print of the voting done by you 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, Apple and Windows based mobiles. The m-Voting app can be downloaded from Google Play Store, 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 Corporate & Institutional Members (i.e. other than Individuals, HUF, NRI etc.)
  - Corporate & Institutional Members 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 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) 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. 22<sup>nd</sup> September, 2016 may follow the same instructions as mentioned above for e-voting.
- (xxi) 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).
- (xxii) Name, designation, address, e-mail ID and phone number of the person responsible to address the grievances connected with the e-voting:  
 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).

## 20. 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, 2015, 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. 22<sup>nd</sup> September, 2016 should treat this Notice for information purposes only.

## 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. 6

All the related party transaction(s) specified under Section 188(1), the value/consideration of which is in excess of their respective limits prescribed under Rule 15(3) of the Companies (Meetings of Board and its Powers) Rule, 2014, has to be approved by the members in the General Meeting. Whereas the third proviso to section 188(1) also states that nothing in section 188(1) will apply to any transaction entered into by the company in its ordinary course of business and at arm's length basis.

Further in accordance with Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has also prescribed seeking of shareholders' approval for material related party transactions.

The Company in its ordinary course of business enters into various Agreement(s)/ Contract(s)/ Transaction(s) with its Group Companies i.e. Oswal Woollen Mills Ltd., Cotton County Retail Ltd., Nahar Spinning Mills Ltd., Nahar Industrial Enterprises Ltd., Vanaik Spinning Mills Ltd. and Retailerkart E-venture Private Ltd., for purchase and sale of goods, rendering/availing of services and reimbursement of expenses on arm's length basis. All the aforesaid transactions are entered pursuant to prior approval of Audit Committee.

Taking into account the statutory provisions, the Board of Directors intends to seek prior approval of members for the transactions to be entered by the Company with its Group Companies for the financial year 2016-17. Also, during the financial year 2015-2016, the Related Party Transactions entered by the Company with Oswal Woollen Mills Limited, being material in nature, are as under:

Nature of Transaction	Amount(in ₹)
Purchase of Goods	59,88,05,349/-
Sale of Goods	76,82,474/-
Processing Charges paid	57,24,191/-
Rent Paid	82,67,369/-
Reimbursement of expenses paid	1,28,13,517/-
Reimbursement of expenses received	8,88,986/-

Sh. Jawahar Lal Oswal, Chairman & Managing Director, Sh. Sandeep Jain, Smt. Ruchika Oswal, Smt. Monica Oswal, Executive Directors, Sh. Dinesh Gogna, Director of the Company are deemed to be concerned or interested in the resolution proposed for approval of Related Party Transactions. None of the other Directors, Key Managerial Personnel and their relatives, is in any way concerned or interested, financially or otherwise, in the proposed resolution as set out at item No. 6 of the notice.

The resolution as set out in Item no. 6 of this Notice is accordingly recommended for your approval.

#### ITEM NO. 7

The Board of Directors of the Company had appointed Dr. Amrik Singh Sohi (DIN: 03575022), as an Additional Director w.e.f. 01.02.2016 pursuant to provisions of Section 161 of the Companies Act, 2013, who shall hold office upto the date of ensuing Annual General Meeting.

In terms of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as 'Act') and Companies (Appointment and Qualifications of Directors) Rules, 2014 read with Schedule IV to the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations'), Dr. Amrik Singh Sohi, is to be appointed as an Independent Director for a term of three consecutive years commencing from 01.02.2016 in respect of whom a notice as required under Section 160 of the Act proposing his candidature for the appointment as Independent Director has also been received from a member.

Dr. Amrik Singh Sohi is a retired Professor (Sr. Entomologist) of Punjab Agriculture University, Ludhiana. He was a member of the state level team for evaluation of Bt. Cotton trials in Punjab for the year 2001-02. He has rich experience of research of industrial projects in Bt. Cotton Hybrids in Punjab. He has worked in 42 Research/Industrial projects including various International, National and Adhoc Projects. He is working as a Consultant in PGR Cell, Sri Rattan Tata Trust, Mumbai since 2007.

In the opinion of the Board, the proposed appointee fulfills all the conditions specified in the Companies Act, 2013 for such appointment.

The Company in this context has received a consent in writing to act as Director in Form DIR-2 and an intimation in Form DIR-8, to the effect that he is not disqualified under Section 164(2) of the Companies Act, 2013. The Additional Information as required under Listing Regulations and Secretarial Standard on General Meetings is annexed with this Notice as Annexure-A.

Considering his vast experience and knowledge, the Board is of the opinion that presence of Dr. Amrik Singh Sohi on the Board will be of immense value to the Company.

A copy of the draft letter of appointment of Dr. Amrik Singh Sohi as an Independent Director setting out the terms and conditions shall be placed at the meeting for inspection by the members and shall also be available for inspection at the registered office of the Company during business hours.

Except Dr. Amrik Singh Sohi, the appointee, none of the other Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the proposed resolution as set out at Item No. 7 of the notice with regard to his appointment.

The Ordinary Resolution as set out in Item No. 7 of this Notice is accordingly recommended for your approval.

#### ITEM NO. 8

The Board of Directors of the Company had appointed Sh. Alok Kumar Misra (DIN: 00163959), as an Additional Director w.e.f. 09.08.2016 pursuant to provisions of Section 161 of the Companies Act, 2013, who shall hold office upto the date of ensuing Annual General Meeting.

In terms of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as 'Act') and Companies (Appointment and Qualifications of Directors) Rules, 2014 read with Schedule IV to the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations'), Sh. Alok Kumar Misra, is to be appointed as an Independent Director for a term of three consecutive Years commencing from 09.08.2016 in respect of whom a notice as required under Section 160 of the Act proposing his candidature for the appointment as Independent Director has also been received from a member.

Sh. Alok Kumar Misra is a retired banker and has previously held the positions of Chairman & Managing Director of Bank of India and Executive Director of Canara Bank. He has more than 41 years of experience in field of Finance, Accounting, Management & Administrative Matters. Sh. Alok Kumar Misra is a National Merit Scholar. He holds degree of B.Sc with First Class in 1971 (Lucknow University), M.Sc.(Statistics) in First Class in 1973 (Lucknow University). He also holds a Post Graduate Diploma in Personnel Management from FMS, Delhi University. He is also a fellow member of CAIIB – Certified Associate of Indian Institute of Bankers, the Certified Institute of Bankers of Scotland (FCIBS), the Zambian Institute of Bankers (FZIB) and Associate of Australasian Institute of Banking & Finance (AAIBF).

In the opinion of the Board, the proposed appointee fulfills all the conditions specified in the Companies Act, 2013 for such appointment.

The Company has received from Sh. Alok Kumar Misra, a consent in writing to act as Director in form DIR-2 and an intimation in Form DIR-8 to the effect that he is not disqualified under Section 164(2) of the Companies Act, 2013. The Additional Information as required under Listing regulations and Secretarial Standard on General Meetings is annexed with this Notice as Annexure-A.

Considering his vast experience and expertise in Finance, Accounting, Management and Administrative Matters, the Board is of the opinion that presence of Sh. Alok Kumar Misra on the Board will be of immense value to the Company.

A copy of the draft letter of appointment of Sh. Alok Kumar Misra as an Independent Director setting out the terms and conditions shall be placed at the meeting for inspection by the members and shall also be available for inspection at the registered office / corporate office of the Company during business hours.

Except Sh. Alok Kumar Misra, the appointee, none of the other Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the proposed resolution as set out at Item No. 8 of the notice with regard to his appointment.

The Ordinary Resolution as set out in Item No. 8 of this Notice is accordingly recommended for your approval.

#### ITEM NO. 9

The Shareholders of the Company in their meeting held on 5<sup>th</sup> September, 2011 had appointed Sh. Jawahar Lal Oswal, as Chairman & Managing Director of the Company for a period of five years w.e.f. 10.08.2011. Therefore, on the recommendation of Nomination and Remuneration Committee, the Board of Directors in its meeting held on 09.08.2016 has appointed Sh. Jawahar Lal Oswal as Chairman & Managing Director of the Company for a period of Five years w.e.f. 10.08.2016.

Sh. Jawahar Lal Oswal, aged 72 Years, is Chairman and Managing Director of the Company and is involved with the Company since its inception. He holds a Bachelor's Degree in Commerce. He has more than 50 years of experience in the textile and woollen industry. Presently Sh. Jawahar Lal Oswal is also serving as Chairman & Managing Director of Oswal Woollen Mills Limited and also holds the position of Chairman on the Board of various other Group Companies. He has been awarded the 'Punjab Ratan' at the Punjab State Intellectual's Conference in 2003 by the All India Conference of Intellectuals, the 'Udyog Ratna Award' by the PHD Chamber of Commerce and Industry in 2005, the 'LMA-Sat Paul Mittal Life Time Achievement Award' by the Ludhiana Management Association in 2012 and the 'Achievers of the North' by the Economic Times in 2013.

Taking into consideration the rich experience and expertise of Sh. Jawahar Lal Oswal, the Board is of opinion that he is best suited for the said position. Accordingly, it will be in the best interest of the Company to retain him in his present role as Chairman & Managing Director of the company for another term of five years.

Under his leadership and guidance company has achieved commendable growth in its operating revenue from ₹37549.15 Lacs in the financial year 2011-12 to ₹62153.05 Lacs in the financial year 2015-16 alongwith profit after tax of ₹5893.84 lacs and also the Equity Shares of the Company got listed on the National Bourses on 19<sup>th</sup> December, 2014.

Except Sh. Jawahar Lal Oswal, the appointee, Sh. Sandeep Jain, Smt. Ruchika Oswal and Smt. Monica Oswal are related to Sh. Jawahar Lal Oswal and therefore deemed to be interested in the resolution proposed in regards to his re-appointment. None of the other Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the proposed resolution as set out at Item No. 9 of the notice with regard to his re-appointment

The Special Resolution as set out in Item No. 9 of this Notice is accordingly recommended for your approval.

#### ITEM NO. 10

The Shareholders of the Company in their meeting held on 5<sup>th</sup> September, 2011 had appointed Smt. Ruchika Oswal, as Executive Director of the Company for a period of five years w.e.f. 10.08.2011. Therefore, on the recommendation of Nomination and Remuneration Committee, the Board of Directors in their meeting held on 09.08.2016, appointed Smt. Ruchika Oswal as Executive Director of the Company for a period of Five years w.e.f. 10.08.2016.

Smt. Ruchika Oswal holds a Bachelor's Degree in Commerce. She has more than 16 years of experience in the field of Manufacturing & Administration. Prior to joining our Company, she has worked with Oswal Woollen Mills Ltd. She joined the Board of the Company w.e.f. 30.10.2010.

Keeping in view the contribution made by Smt. Ruchika Oswal through her knowledge and experience, more particularly in the field of Manufacturing and Administration, it will be in the interest of the Company to retain her in the present role as Executive Director of the company for another term of five years.



Except Smt. Ruchika Oswal, the appointee, Sh. Jawahar Lal Oswal, Sh. Sandeep Jain and Smt. Monica Oswal are related to Smt. Ruchika Oswal and therefore deemed to be interested in the resolution proposed in regards to her re-appointment. None of the other Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the proposed resolution as set out at Item No. 10 of the notice with regard to her re-appointment

The Special Resolution as set out in Item No. 10 of this Notice is accordingly recommended for your approval.

#### **ITEM NO. 11**

The Shareholders of the Company in their meeting held on 5<sup>th</sup> September, 2011 had appointed Smt. Monica Oswal, as Executive Director of the Company for a period of five years w.e.f. 10.08.2011. Therefore on the recommendation of Nomination and Remuneration Committee, the Board of Directors in their meeting held on 09.08.2016, appointed Smt. Monica Oswal as Executive Director of the Company for a period of Five years w.e.f. 10.08.2016.

Smt. Monica Oswal holds a Bachelor's Degree in Commerce. She has more than 16 years of experience in retail and administration. She has started her career with Nahar Spinning Mills Limited and then she joined Oswal Woollen Mills Limited in 2003 as CEO – Retail. Thereafter she joined the Board of the Company w.e.f. 30.10.2010 and further appointed as Executive Director w.e.f. 10.08.2011 and her remarkable efforts has contributed a lot in the growth of the Company.

Having regard to her expert knowledge and experience, more particularly in the field of Marketing and Branding, the Board considers that it will be in the best interest of the company to retain Smt. Monica Oswal in her present role as Executive Director of the Company for another term of five years.

Except Smt. Monica Oswal, the appointee, Sh. Jawahar Lal Oswal, and Smt. Ruchika Oswal are related to Smt. Monica Oswal and therefore deemed to be interested in the resolution proposed in regards to the re-appointment of Smt. Monica Oswal. None of the other Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the proposed resolution as set out at Item No. 11 of the notice with regard to her re-appointment.

The Special Resolution as set out in Item No. 11 of this Notice is accordingly recommended for your approval.

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

**Place : Ludhiana  
Date : 09.08.2016**

**Sahil Jain  
(Company Secretary)**

**Annexure-A**
**BRIEF PROFILE OF DIRECTORS BEING APPOINTED/RE-APPOINTED AS SET OUT IN THIS NOTICE**

BRIEF PROFILE OF DIRECTORS DEMONSTRATING CONFIDENCE IN FORMED AS SET OUT IN THIS NOTICE						
Names	Sh. Paurush Roy			Sh. Sandeep Jain		
Designation	Non Executive Director			Executive Director		
Date of birth/ age	17.08.1974 / 42 Years			24.12.1971/ 44 Years		
Date of appointment	03.02.2015			01.08.2012		
Qualification	<ul style="list-style-type: none"><li>• Bachelor's Degree in Engineering from University of Roorkee (presently Indian Institute of Technology, Roorkee)</li><li>• Post Graduate Diploma in Management from Indian Institute of Management, Lucknow</li></ul>			<ul style="list-style-type: none"><li>• Bachelor's degree in Pharmacy, Diploma in Export Management</li><li>• Certificate Course in wool from the AWTA Limited</li></ul>		
Experience	More than 16 years of experience in the field of Financial Services.			More than 18 years of experience in the field of Administration.		
Terms of appointment	Liable to retire by rotation			Five Years		
Remuneration for the Financial Year 2015-16:	NIL. As no sitting fees was paid to Sh. Paurush Roy during the year			₹1,50,80,222/-		
Disclosure of relation-ship:	Sh. Paurush Roy is not related to any of the Directors and Key Managerial Personnel of the Company.			Sh. Sandeep Jain is Spouse of Smt. Ruchika Oswal, Executive Director, Son In Law of Sh. Jawahar Lal Oswal, Chairman and Managing Director of the Company. He is not related to any of the other Director and Key Managerial Personnel of the Company.		
Shareholding:	NIL			NIL		
No. of Board Meetings attended during the year:	4			4		
Other Directorships:	1. Sharekhan Limited 2. Thriveni Earthmovers Private Limited 3. Samara India Advisors Private Limited 4. Human Value Developers Private Limited 5. Cogencis Information Services Limited 6. Sagista Realty Advisors Private Limited 7. Mieux Realtor & Buildcon Private Limited			1. Oswal Woollen Mills Limited 2. Vanaik Spinning Mills Limited		
Other Committee Membership/ Chairmanship:	Name of the Company	Name of the Committee	Designa- tion	Name of the Company	Name of the Committee	Designa- tion
	NIL			Oswal Woollen Mills Limited	Corporate Social Responsibility	Member
					Shareholders	Member
					Nomination & Remuneration	Member
Names	Dr. Amrik Singh Sohi			Sh. Alok Kumar Misra		
Designation	Additional Director (Independent)			Additional Director (Independent)		
Date of birth/ age	01.08.1947/69 Years			23.09.1952/63 years		
Date of appointment	01.02.2016			09.08.2016		
Qualification	Master Degree in Science and Ph.D.			Master Degree in Science, Post Graduate Diploma in Personnel Management from FMS, Delhi University		

Experience	More than 38 years of experience in Teaching and Entomology Research.			More than 41 years of experience in Finance, Accounting, Management & Administrative Matters.		
Terms of appointment	Three Years			Three Years		
Remuneration for the Financial Year 2015-16:	NIL			NIL		
Disclosure of relation-ship:	Dr. Amrik Singh Sohi is not related to any of the Directors and Key Managerial Personnel of the Company.			Sh. Alok Kumar Misra is not related to any of the Directors and Key Managerial Personnel of the Company.		
Shareholding:	NIL			NIL		
No. of Board Meetings attended during the year:	None			N.A.		
Other Directorships:	<b>1. Nahar Spinning Mills Limited</b> <b>2. Nahar Poly Films Limited</b> <b>3. Nahar Capital &amp; Financial Services Limited</b> <b>4. Nahar Industrial Enterprises Limited</b>			<b>1. Infomerics Valuation &amp; Rating Private Limited</b>		
Other Committee Membership/ Chairmanship:	Name of the Company	Name of the Committee	Designation	Name of the Company	Name of the Committee	Designation
	Nahar Spinning Mills Limited	Nomination & Remuneration	Member	NIL		
		Stakeholders Relationship	Member			
	Nahar Poly Films Limited	Stakeholders Relationship	Member			
	Nahar Capital & Financial Services Ltd.	Stakeholders Relationship	Chairman			

<b>Name</b>	<b>Sh. Jawahar Lal Oswal</b>
Designation	Chairman & Managing Director
Date of birth/ age	01.10.1943/72 Years
Date of appointment	10.08.2011
Qualification	Bachelor's Degree in Commerce
Experience	More than 50 years of experience in the Textile and Woollen Industry.
Terms of appointment	Five Years
Remuneration (For the Financial Year 2015-2016):	NIL
Disclosure of Relationship:	Sh. Jawahar Lal Oswal is Father of Smt. Ruchika Oswal and Smt. Monica Oswal, Executive Directors of the Company and Father in law of Sh. Sandeep Jain, Executive Director of the Company. He is not related to any of the other Director and Key Managerial Personnel of the Company.
Shareholding:	108787 Equity Shares
No. of Board Meetings attended during the year:	4

Other Directorships:	<b>1. Oswal Woollen Mills Limited</b> <b>2. Nahar Poly Films Limited</b> <b>3. Nahar Capital &amp; Financial Services Ltd.</b> <b>4. Nahar Industrial Enterprises Limited</b> <b>5. Nahar Spinning Mills Limited</b> <b>6. Ruchika Growth Fund Pvt. Ltd.</b> <b>7. Nagdevi Trading &amp; Investment Co. Ltd.</b>	<b>8. Sankheshwar Holding Co. Ltd.</b> <b>9. J.L. Growth Fund Limited</b> <b>10. Crown Star Limited(UK)</b> <b>11. Neha Credit and Invest. Pvt. Ltd.</b> <b>12. Nahar Growth Fund Pvt. Ltd.</b> <b>13. Abhilash Growth Fund Pvt. Ltd.</b> <b>14. Monica Growth Fund Pvt. Ltd.</b>
Other Committee Membership/ Chairmanship:		
Name of the Company	Name of the Committee	Designation
Oswal Woollen Mills Limited	Corporate Social Responsibility	Chairman
	Shareholders	Chairman
Abhilash Growth Fund Pvt. Limited	Audit	Chairman
	Corporate Social Responsibility	Chairman

Names	Smt. Ruchika Oswal			Smt. Monica Oswal		
Designation	Executive Director			Executive Director		
Date of birth/ age	25.02.1972/ 44 Years			25.02.1972/ 44 Years		
Date of appointment	10.08.2011			10.08.2011		
Qualification	Bachelor's Degree in Commerce			Bachelor's Degree in Commerce		
Experience	More than 16 years of experience in the field of Manufacturing & Administration.			More than 16 years of experience in the field of Marketing and Branding.		
Terms of appointment	Five Years			Five Years		
Remuneration for the Financial Year 2015-16:	₹75,90,278/-			₹75,97,228		
Disclosure of relation-ship:	Smt. Ruchika Oswal is Daughter of Sh. Jawahar Lal Oswal, Chairman & Managing Director, Sister of Smt. Monica Oswal and Spouse of Sh. Sandeep Jain, Executive Directors of the Company. She is not related to any of the other Director and Key Managerial Personnel of the Company.			Smt. Monica Oswal is Daughter of Sh. Jawahar Lal Oswal, Chairman & Managing Director and Sister of Smt. Ruchika Oswal, Executive Director of the Company. She is not related to any of the other Director and Key Managerial Personnel of the Company.		
Shareholding:	1050 Equity Shares			1050 Equity Shares		
No. of Board Meetings attended during the year:	4			1		
Other Directorships:	<b>1. Girnar Investment Limited</b> <b>2. Sidhant and Mannat Co. Limited</b> <b>3. Simran and Shanaya Co. Limited</b> <b>4. Ruchika Growth Fund Pvt. Ltd.</b> <b>5. Kovalam Investment and Trading Co. Ltd.</b> <b>6. Suvrat Trading Co. Limited</b>			<b>1. Girnar Investment Limited</b> <b>2. Sidhant and Mannat Co. Limited</b> <b>3. Simran and Shanaya Co. Limited</b> <b>4. Monica Growth Fund Pvt. Ltd.</b> <b>5. Vardhman Investments Ltd.</b> <b>6. Atam Vallabh Financiers Limited</b> <b>7. Oswal Leasing Limited</b>		
Other Committee Membership/ Chairmanship:	Name of the Company	Name of the Committee	Designation	Name of the Company	Name of the Committee	Designation
	NIL			Oswal Leasing Limited	Audit	Member
					Stakeholders Relationship	Member



## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Eighth (8<sup>th</sup>) Annual Report of the Company along with the Audited Financial Statements for the year ended March 31, 2016.

### FINANCIAL SUMMARY

Financial Results for the year under review are summarized below:

PARTICULARS	(₹ in Lacs)	
	Current Year 2015-2016	Previous Year 2014-2015
Revenue from operations	62,153.05	58,257.70
Other Income	1,390.97	1,895.32
Total Revenue	63,544.02	60,153.02
Profit before Tax, Financial Charges, Depreciation and Amortization Expenses & Corporate Social Responsibility Expenditure	13,723.04	14,192.67
Financial Charges	1,624.06	1,707.77
Profit before Tax, Depreciation and Amortization Expenses & Corporate Social Responsibility Expenditure	12,098.98	12,484.90
Depreciation & Amortization	2,927.10	3,340.34
Profit Before Corporate Social Responsibility Expenses and Tax	9,171.88	9,144.56
Corporate Social Responsibility Expenditure	161.64	--
Profit before Tax	9,010.24	9,144.56
Tax Expenses/ Adjustment		
1. Current Tax	3,432.78	3,479.82
2. Deferred Tax	(261.65)	(312.20)
3. Adjustment for the earlier year	(54.73)	Nil
<b>Amount Available for Appropriation</b>	<b>5,893.84</b>	<b>5,976.94</b>
<b>Appropriations</b>		
Transfer to Special Reserve	1,768.15	1,793.08
Dividend	2,173.21	2,173.21
Tax on Proposed Dividend	452.19	444.96
Transfer to General Reserve	1,406.45	1,488.75
Earnings Per Share (₹)		
Basic	27.12	27.50
Diluted	27.12	27.50
Dividend Per Share (₹)	10.00	10.00

### OPERATIONAL REVIEW

The Company has delivered a decent Financial and Operating performance for the Financial Year 2015-16 by achieving a growth of 6.70% in the Revenue from Operations which stood at ₹62,153.05 Lacs as compared to ₹58,257.70 Lacs in the previous year. However, your Company's Profit before financial charges, depreciation, amortization, corporate social responsibility expenditure and tax fell by 3.31% from ₹14,192.67 Lacs for the year ended March 31, 2015 to ₹13,723.04 Lacs for the year ended March 31, 2016 mainly on account of fall in other income from ₹1,895.32 Lacs to ₹1,390.97 lacs and increase in advertisement expenditure from ₹ 2,697.52 Lacs to ₹ 3,442.13 Lacs.

### SHARE CAPITAL

During the year under review, there was no change in the Company's Issued, Subscribed and Paid-up Equity Share Capital. As at 31<sup>st</sup> March, 2016, the Issued, Subscribed and Paid-up Equity Share Capital of the Company stood at ₹2173.21 Lacs divided into 21,732,064 Equity Shares of ₹10/- each.

### DIVIDEND

During the Financial Year 2015-2016, the Company has earned a Net Profit of ₹5,893.84 Lacs. Your Directors have recommended 100% dividend amounting to ₹10/- per Equity Share, in its meeting held on May 30, 2016, subject to the approval of members at the ensuing Annual General Meeting.

**TRANSFER TO RESERVES**

The Company has earned a total profit after tax of ₹5,893.84 Lacs, out of which a sum of ₹1,768.15 Lacs (30% of the profit after tax) has been transferred to Special Reserve maintained for the purpose of future expansions and acquisitions.

Your Company has transferred a sum of ₹1,406.45 Lacs to the General Reserve out of the profits available for appropriation after making a provision for dividend amounting to ₹2,625.40 Lacs (inclusive of dividend distribution tax).

**MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY**

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. 31<sup>st</sup> March, 2016 and the date of this report.

**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.

**SUBSIDIARY, JOINT VENTURES OR ASSOCIATE COMPANIES**

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

**BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNELS**

The Board of Directors consists of 13 (Thirteen) Directors including a Chairman & Managing Director, 3 (Three) Executive Directors, 2 (Two) Non Executive Non Independent Directors and 7 (Seven) 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 of Directors consists of a balanced profile of members 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***

During the year under review, Dr. Vandana Bhandari (DIN: 06841653), Independent Director of the Company had resigned from the Directorship w.e.f. 09.11.2015. The Board placed on record the valuable services rendered by Dr. Vandana Bhandari during her tenure and expressed its deep sense of appreciation and gratitude for the same.

However, the Board in its meeting held on 01.02.2016 has appointed Dr. Amrik Singh Sohi (DIN: 03575022) as an Additional Director (Independent) in her place. Also Sh. Alok Kumar Misra (DIN: 00163959) has been appointed as an Additional Director (Independent) in the Board meeting held on 09.08.2016. Both the Directors will hold office for a period of three years from the date of their appointments, subject to the approval of the members in the ensuing Annual General Meeting (AGM).

***Re-appointment of Chairman & Managing Director and Executive Directors***

At the 3<sup>rd</sup> AGM of the Company, Sh. Jawahar Lal Oswal was appointed as Chairman & Managing Director, for a period of five years w.e.f 10.08.2011. Also, Smt. Ruchika Oswal and Smt. Monica Oswal were appointed as Executive Directors of the Company for a period of five years w.e.f 10.08.2011. Considering their valuable contribution to the growth of the Company during their tenure, the Nomination and Remuneration Committee have recommended the re-appointment of Sh. Jawahar Lal Oswal as Chairman & Managing Director, Smt. Ruchika Oswal and Smt. Monica Oswal as Executive Directors to the Board and the Board thereafter in its meeting held on 09.08.2016 have re-appointed them for another term of 5 years commencing from 10.08.2016, subject to the approval of the members in the ensuing Annual General Meeting (AGM).

***Retirement by Rotation***

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Sh. Paurush Roy (DIN: 03038347) and Sh. Sandeep Jain (DIN-00565760), Directors of the Company, being longest in the office since their last 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.

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

***Declaration from Independent Directors***

In terms of Section 149(7) of the Companies Act, 2013, the Company had received necessary declaration from all the Independent Directors of the Company confirming that they meet the criteria of independence laid down in Section 149(6).

**Key Managerial Personnel (KMP's)**

During the year under review, the Board of Directors in their meeting held on 01.02.2016 has accepted the resignation of Sh. Sarweshwer Arora who was earlier re-designated by the Board as Chief Financial Officer of the Company in its meeting held on 06.08.2015. However, the Board in its meeting held on 30.05.2016 has appointed Sh. Raman Kumar, V.P. Finance & Accounts of the Company as Chief Financial Officer (Key Managerial Personnel) of the Company in terms of the Companies Act, 2013.

The following Directors/Executives of your Company are Whole-Time Key Managerial Personnel (KMP's) as on March 31, 2016 in accordance with the provisions of Section 203 of the Companies Act, 2013 and rules made there under.

<b>Names of KMP's</b>	<b>Designation</b>
Sh. Jawahar Lal Oswal	Chairman & Managing Director
Sh. Sandeep Jain	Executive Director
Smt. Ruchika Oswal	Executive Director
Smt. Monica Oswal	Executive Director
Sh. Raman Kumar	Chief Financial Officer
Sh. Sahil Jain	Company Secretary

**NUMBER OF MEETINGS OF THE BOARD**

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 resolutions through circulation, as permitted by law, which is confirmed in the subsequent Board Meeting.

During the Financial Year 2015-2016, the Board met on 4 (Four) occasions viz. May 30, 2015, August 06, 2015, November 09, 2015 and February 01, 2016. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

**COMMITTEES OF THE BOARD**

The Company has constituted the following committees in compliance with the Companies Act, 2013 and the Listing Regulations (erstwhile Listing Agreement):

1. Audit Committee,
2. Nomination and Remuneration Committee,
3. Stakeholders Relationship Committee and
4. 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 situations 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. of these committees are provided in the Corporate Governance Report forming part of this Report.

**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 01, 2016 to review the performance of the Non-Independent 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.

**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, 2016, 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.

#### **INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY**

Based on the framework of internal financial controls, compliance systems established and maintained by the Company, work performed by the Internal Auditors, Statutory Auditors and Secretarial Auditor and also the 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 the Company's internal financial controls were adequate and effective during Financial Year 2015-16.

#### **NOMINATION AND REMUNERATION POLICY**

The Nomination and Remuneration Policy has been adopted which lays down a framework for the appointment and remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for determining qualifications, positive attributes, independence of director and other matters provided under sub section (3) of section 178 of the Companies Act 2013. The Nomination and Remuneration Policy is elaborated in **Annexure A**, enclosed with this report and can also be accessed on the website of the Company i.e [www.montecarlocorporate.com](http://www.montecarlocorporate.com).

#### **BUSINESS RISK MANAGEMENT**

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

#### **VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

The Company has constituted a Vigil Mechanism/ Whistle Blower Policy to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of Company's code of conduct. 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.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Board has adopted a Corporate Social Responsibility (CSR) Policy as recommended by the CSR Committee constituted by the Board for the purpose and for future implementation of its CSR activities. The Company along with other Group Companies under one umbrella i.e Oswal Foundation is committed to certain CSR initiatives in the fields of Medical Relief and Research, Environmental Sustainability, Education and Social Upliftment etc. The said policy has also been posted on the website of the Company at <http://www.montecarlocorporate.com/pdf/Corporate-Social-Responsibility-Policy.pdf>.

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

#### **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. 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-C**. 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 obtained for all the transactions entered into during the year 2015-16 by the Company with its Group Companies. The details of all related party transactions are placed before the Audit Committee and Board for its review 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 in accordance with the relevant Accounting Standard.

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>.

#### **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 Statements.

#### **SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

No 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.

#### **EXTRACTS OF ANNUAL RETURN**

Pursuant to Section 134(3)(a) and Section 92(3) read with Rule 12 of Companies (Management and Administration) Rules, 2014, the extract of the Annual Return in form MGT-9 is annexed herewith as **Annexure-D** which forms an integral part of this report.



**EXTRAORDINARY GENERAL MEETING**

No Extra Ordinary General Meeting of the Members of the Company was held during the financial year 2015-2016.

**POSTAL BALLOT**

During the year under review, the Company has conducted Postal Ballot exercise in accordance with the provisions of the Companies Act, 2013 and erstwhile Listing Agreement for the purpose of amendment/alteration of Memorandum & Articles of Association and adoption of new set of Articles of Association of the Company. The details of the same to be provided as envisaged in the Listing Regulations are mentioned in the Corporate Governance Section forming part of this Annual Report.

**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 and which is constantly assessed and strengthened with new/ revised standard operating procedures. The internal audit function is entrusted to M/s Gupta Vigg & Co., Chartered Accountants, who were appointed as Internal Auditor by the Board in terms of Section 138 of the Companies Act, 2013 and rules made there under. The Internal Auditors monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Significant audit observations are presented 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.

**CORPORATE GOVERNANCE**

The Company is committed to adhere the best corporate governance practices. A separate section on Corporate Governance and a Certificate from a Practicing Company Secretary confirming compliance with the requirements of Regulation 34(3) read with Schedule V of Listing Regulations, forms part of the Annual Report.

**AUDITORS*****Statutory Auditor & Auditor's Report***

M/s Walker Chandio & Co. LLP (Firm Registration No: 001067N / N500013), Chartered Accountants, were appointed as Statutory Auditors of the Company in the 7<sup>th</sup> Annual General Meeting to hold office up to the conclusion of the 12<sup>th</sup> Annual General Meeting, subject to ratification by shareholders each year. Accordingly, the Board of Directors based on the recommendation of the Audit Committee has 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 9<sup>th</sup> Annual General Meeting of the Company.

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 Accounts of the Company for the year under review is self explanatory and requires no comments. There are no adverse remarks or qualification in the report that calls for Board's explanation. Further there are no frauds reported by the Auditors under Section 143(12), other than those that are reportable to the Central Government.

***Secretarial Auditor***

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s P.S. Dua & Associates, Practicing Company Secretaries to undertake the Secretarial Audit of the Company for the Financial Year 2015-2016.

The Secretarial Audit Report for the Financial Year 2015-2016 is annexed herewith as **Annexure-E** and forms an integral part of this report. Further, there are no adverse remarks or qualification in the report that calls for Board's explanation.

***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.

**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 2016-2017 have been duly paid to both the Stock Exchanges.

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

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy against sexual harassment 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 2015-16, the company has not received any complaints on the same and hence, no complaints remain pending as on 31<sup>st</sup> March, 2016.

## **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.

## **PARTICULARS OF EMPLOYEES**

Disclosures relating to remuneration and other details 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-F** and forms part of this report.

## **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 given as **Annexure-G**.

## **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 Report.

## **ACKNOWLEDGEMENT & APPRECIATION**

Your Directors take this opportunity to express their deep sense of gratitude to all the Company's Shareholders, Customers, Vendors, Bankers, Financial Institutions and Business Associates for their continued support during the year. They also express their sincere appreciation of the employees at all levels for having risen to meet the 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 : 09.08.2016**

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

## ANNEXURE-A TO THE DIRECTOR'S REPORT

**NOMINATION & REMUNERATION POLICY****INTRODUCTION:**

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

**OBJECTIVE:**

The Key Objectives and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration;
- To evaluate the performance of the members of the Board as well as Key Managerial and Senior Management Personnel and provide necessary report to the Board for further evaluation of the Board.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity; and
- To develop a succession plan for the Board and to regularly review the plan.

**DEFINITIONS:**

- **Independent Director** means a director referred to in Section 149(6) of the Act and the Clause 49, as amended from time to time.
- **Key Managerial Personnel** (the "KMP") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act.
- **Nomination and Remuneration Committee**, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the Clause 49.
- **Remuneration** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- **Senior Management** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Executive Directors, including all functional heads.

Words and expressions used and not defined in this Policy, but defined in the Act or any rules framed under the Act or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed there under or in the Clause 49 shall have the meanings assigned to them therein.

**APPLICABILITY:**

This policy is applicable to:

- a) Directors (Executive and Non Executive)
- b) Key Managerial Personnel
- c) Senior Management Personnel

**COMPOSITION OF THE COMMITTEE:**

The composition of the Nomination & Remuneration Committee is / shall be in compliance with the Act, Rules made there under and the Clause 49, as amended from time to time.

**ROLE OF THE COMMITTEE:**

- To formulate the criteria for determining qualifications, positive attributes and independence of a director.
- To formulate the criteria for evaluation of Independent Director and the Board.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of Director's performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To devise a policy on Board diversity, composition, size.
- To develop a succession plan for the Board and to regularly review the plan
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To develop a succession plan for the Board and to regularly review the plan.

**CRITERIA FOR DETERMINING:**

**(A) QUALIFICATIONS FOR APPOINTMENT OF DIRECTORS (INCLUDING INDEPENDENT DIRECTORS)**

- Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service;
- Their financial or business literacy/skills;
- Other appropriate qualification/experience to meet the objectives of the Company;
- As per the applicable provisions of Companies Act, 2013, Rules made there under and Clause 49 of Listing Agreement.

The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

**(B) POSITIVE ATTRIBUTES OF DIRECTORS (INCLUDING INDEPENDENT DIRECTORS):**

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively and the willingness to address issues proactively;
- Actively update their knowledge and skills with the latest developments in the industry, market conditions and applicable legal provisions;
- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities;
- To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company;
- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees;
- Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made there under and Clause 49 of the Listing Agreement as amended from time to time and shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013

**(C) APPOINTMENT OF KMP/SENIOR MANAGEMENT**

- To possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities;
- To practice and encourage professionalism and transparent working environment;
- To adhere strictly to code of conduct.

**REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

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 to 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, 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.

**REVIEW AND AMENDMENT:**

The Nomination & remuneration Committee or the Board may review the policy as and when it deems necessary and it may be amend or substitute the same as and when required, where there is any statutory changes necessitating the change in the policy.

**For and on behalf of Board of Directors**

**Place : Ludhiana**  
**Date : 09.08.2016**

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



## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2015-16:

### 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. Yash Paul Sachdeva    Member

### 3. Average net profit of the Company for last three financial years : ₹ 8068.39 Lacs

### 4. Prescribed CSR Expenditure : ₹161.37 Lacs

### 5. Details of CSR spend for the financial year:

- a) Total amount spent for the Financial Year : ₹161.37 Lacs
- 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.	Adoption of five Govt. Primary School and construction of classroom & toilets as well as to provide furniture	Promoting Education	Construction of school building in three villages of District Ludhiana two in District Mohali.	*	*	*	Through implementing agency i.e Oswal Foundation
2.	Cleanliness and clearance of Pollutants and garbage of Sidhwan Canal	Maintaining Quality of Soil, air and water	Ludhiana City, District Ludhiana, Punjab	*	*	*	Through implementing agency i.e Oswal Foundation

(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.
3.	For environmental sustainability, maintenance of Fountain Chowk	Ensuring Environmental sustainability	Ludhiana City, District Ludhiana, Punjab	*	*	*	Through implementing agency i.e Oswal Foundation
4.	Maintenance of Fountain Chowk	Ensuring Environmental sustainability	Ludhiana City, District Ludhiana, Punjab	-	₹11,59,488	₹11,59,488	Directly by the Company

*\*As reported earlier, the company has decided to undertake its CSR activities through a Registered Society i.e. Oswal Foundation, jointly and collectively with other Group Companies. As decided, the CSR activities undertaken by the said implementing agency, after taking consent from the Companies of the group including our Company. Accordingly, during the Financial Year 2015-2016, our Company had contributed ₹149.78 Lacs to Oswal Foundation, implementing agency for spending the same on CSR activities, as prescribed under Schedule VII of the Companies Act, 2013, which is a continuing process.*

6. Reasons for not spending the two percent of the average net profits of the last three financial years: **Not Applicable**
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 : 09.08.2016

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

**ANNEXURE-C 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.			Nil
2.	Details of material contracts or arrangements or transactions at Arm's length basis:			
A.	Particulars		Details	
1.	Name of the related party		M/s Oswal Woollen Mills Limited	
2.	Nature of Relationship		Related Party as defined under Section 2 (76) of the Companies Act, 2013.	
3.	Nature of contracts/ arrangements/transaction		Particulars	Amount (in ₹)
			Purchase of Goods	59,88,05,349
			Sale of Goods	76,82,474
			Processing Charges paid	57,24,191
			Rent Paid	82,67,369
			Reimbursement of expenses (paid)	1,28,13,517
			Reimbursement of expenses (received)	82,88,986
4.	Duration of the contracts/ arrangements/ transaction		Transactions entered during the financial year 2015-16.	
5.	Salient terms of the contracts or arrangements or transaction including the value, if any		The contracts or arrangements and transactions are entered at arms' length price and in the ordinary course of business. The value of the same is as above.	
6.	Date of approval by the Board		The details of all related party transactions are placed before the Audit Committee and Board for its review and ratification on quarterly basis.	
7.	Amount paid as advances, if any		Nil as on 31.03.2016.	
B.	Particulars		Details	
1.	Name (s) of the related party	Sh. Sandeep Jain (Executive Director)	Smt. Ruchika Oswal (Executive Director)	Smt. Monica Oswal (Executive Director)
2.	Nature of Relationship	Related Party as defined under Section 2 (76) of the Companies Act, 2013.		
3.	Nature of contracts/ arrangements/ transaction	Employment	Employment	Employment
4.	Duration of the contracts/ arrangements/ transaction	Appointed for a term of 5 years w.e.f 01.08.2012.	Appointed for a term of 5 years w.e.f. 10.08.2011.	Appointed for a term of 5 years w.e.f. 10.08.2011.
5.	Salient terms of the contracts or arrangements or transaction including the value, if any	Total remuneration paid for the Financial Year 2015-16 is ₹150.80 Lacs.	Total remuneration paid for the Financial Year 2015-16 is ₹75.97 Lacs.	Total remuneration paid for the Financial Year 2015-16 is ₹75.90 Lacs.
6.	Date of approval by the Board	Annual increase in remuneration approved in the Board Meeting held on 06.08.2015.	Annual increase in remuneration approved in the Board Meeting held on 06.08.2015.	Annual increase in remuneration approved in the Board Meeting held on 06.08.2015.
7.	Amount paid as advances, if any	Nil as on 31.03.2016	Nil as on 31.03.2016	Nil as on 31.03.2016

**For and on Behalf of Board of Directors**

Place : Ludhiana  
Date : 09.08.2016

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

## ANNEXURE-D TO THE DIRECTOR'S REPORT

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**AS ON THE FINANCIAL YEAR ENDED ON 31.03.2016**

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management & Administration) Rules, 2014]

**I. REGISTRATION & OTHER DETAILS**

1.	<b>CIN</b>	L51494PB2008PLC032059
2.	<b>Registration Date</b>	01.07.2008
3.	<b>Name of the Company</b>	Monte Carlo Fashions Limited
4.	<b>Category/Sub-category of the Company</b>	Company Limited by shares/ Indian Non-government Company
5.	<b>Address of the Registered office &amp; contact details</b>	B-XXIX-106, G. T. Road, Sherpur, Ludhiana-141003 Tel-0161-5048610-20-30-40 Fax-0161-5048650 E-mail: Investor@montecarlocorporate.com
6.	<b>Whether listed company</b>	Yes
7.	<b>Name, Address &amp; contact details of the Registrar &amp; Transfer Agent, if any.</b>	Link Intime India Private Limited DELHI OFFICE: 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-1, Near PVR Naraina, New Delhi-110028 Email: delhi@linkintime.co.in Tel: 011-41410592 Fax: 011-41410591

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacturing of all types of Textile garments & clothing accessories	14101	83.25 % (₹516.46 Crores)

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: NOT APPLICABLE**

Sr. No.	Name and address of the company	CIN/ GLN	Holding/ Subsidiary/	% of shares held	Applicable Section
1	-	-	-	-	-

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (as at 31 <sup>st</sup> March, 2015)				No. of Shares held at the end of the year (as at 31 <sup>st</sup> March, 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	328622	0	328622	1.51	328622	0	328622	1.51	0
b) Central Govt	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of Shares held at the beginning of the year (as at 31 <sup>st</sup> March, 2015)				No. of Shares held at the end of the year (as at 31 <sup>st</sup> March, 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	12940393	0	12940393	59.55	13054391	0	13054391	60.07	0.52
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other (Relative of Promoters)	580083	0	580083	2.67	580083	0	580083	2.67	0
<b>Sub-total(A)(1)</b>	<b>13849098</b>	<b>0</b>	<b>13849098</b>	<b>63.73</b>	<b>13963096</b>	<b>0</b>	<b>13963096</b>	<b>64.25</b>	<b>0.52</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>Sub-total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>13849098</b>	<b>0</b>	<b>13849098</b>	<b>63.73</b>	<b>13963096</b>	<b>0</b>	<b>13963096</b>	<b>64.25</b>	<b>0.52</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	1169508	0	1169508	5.38	914028	0	914028	4.21	(1.18)
b) Banks / FI	11043	0	11043	0.05	5574	0	5574	0.03	(0.03)
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	802367	-	802367	3.69	445623	0	445623	2.05	(1.64)
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	<b>1982918</b>		<b>1982918</b>	<b>9.12</b>	<b>1365225</b>	<b>0</b>	<b>1365225</b>	<b>6.28</b>	<b>(2.84)</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	1208572	54862	1263434	5.81	1164080	5250	1169330	5.38	(0.43)
ii) Overseas	2376570	0	2376570	10.94	2376570	0	2376570	10.94	0
b) Individual/ HUF									



Category of Shareholders	No. of Shares held at the beginning of the year (as at 31 <sup>st</sup> March, 2015)				No. of Shares held at the end of the year (as at 31 <sup>st</sup> March, 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Individual /HUF shareholders holding nominal share capital up to ₹ 1 lakh	1866566	19618	1886184	8.68	1892301	16016	1908317	8.78	0.10
ii) Individual/HUF shareholders holding nominal share capital in excess of ₹ 1 lakh	33523	16562	50085	0.23	108062	16562	124624	0.57	0.34
c) Others (specify)									
Non Resident Indians	20162	0	20162	0.09	53511	0	53511	0.25	0.15
Qualified Foreign Investor (Foreign Portfolio Investor-Corporate)	2504	0	2504	0.01	562253	0	562253	2.59	2.58
Clearing Members	53627	0	53627	0.25	40167	0	40167	0.18	(0.06)
Trusts	247482	0	247482	1.14	201549	0	201549	0.93	(0.21)
<b>Sub-total (B)(2):-</b>	<b>5809006</b>	<b>91042</b>	<b>5900048</b>	<b>27.15</b>	<b>6365915</b>	<b>37828</b>	<b>6403743</b>	<b>29.47</b>	<b>2.32</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>7791924</b>	<b>91042</b>	<b>7882966</b>	<b>36.27</b>	<b>7731140</b>	<b>37828</b>	<b>7768968</b>	<b>35.75</b>	<b>(0.52)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>21641022</b>	<b>91042</b>	<b>21732064</b>	<b>100.00</b>	<b>21694236</b>	<b>37828</b>	<b>21732064</b>	<b>100</b>	<b>0</b>

**ii) Shareholding of Promoter-**

S r. No.	Shareholder's Name	Shareholding at the beginning of the year (as at 31 <sup>st</sup> March, 2015)			Shareholding at the end of the year (as at 31 <sup>st</sup> March, 2016)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	Sidhant and Mannat Company Limited	4404000	20.26	0	5229714	24.06	0	3.80
2.	Simran And Shanaya Company Limited	4404000	20.26	0	4404000	20.26	0	0.00
3.	Nahar Capital & Financial Services Limited	1595390	7.34	0	1651215	7.60	0	0.26
4.	Nagdevi Trading & Investment Company Limited	1185150	5.45	0	1185150	5.45	0	0.00

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as at 31 <sup>st</sup> March, 2015)			Shareholding at the end of the year (as at 31 <sup>st</sup> March, 2016)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
5.	Girnar Investment Limited	825714	3.80	0	0	0	0	(3.80)
6.	Vanaik Investors Limited	409273	1.88	0	409273	1.88	0	0.00
7.	Tanvi Oswal	175000	0.81	0	175000	0.81	0	0.00
8.	Kamal Oswal	109112	0.50	0	109112	0.50	0	0.00
9.	Jawahar Lal Oswal	108787	0.50	0	108787	0.50	0	0.00
10.	Dinesh Oswal	108623	0.50	0	108623	0.50	0	0.00
11.	Abhilash Oswal	107583	0.50	0	107583	0.50	0	0.00
12.	Sambhav Oswal	87500	0.40	0	87500	0.40	0	0.00
13.	Abhinav Oswal	70000	0.32	0	70000	0.32	0	0.00
14.	Rishabh Oswal	70000	0.32	0	70000	0.32	0	0.00
15.	Atam Vallabh Financiers Limited	67106	0.31	0	67106	0.31	0	0.00
16.	Manisha Oswal	52500	0.24	0	52500	0.24	0	0.00
17.	Vardhman Investments Limited	49718	0.23	0	49718	0.23	0	0.00
18.	Ritu Oswal	17500	0.08	0	17500	0.08	0	0.00
19.	Monica Oswal	1050	0.00	0	1050	0.00	0	0.00
20.	Ruchika Oswal	1050	0.00	0	1050	0.00	0	0.00
21.	Neha Credit & Investment Private Limited	42	0.00	0	42	0.00	0	0.00
22.	Oswal Woollen Mills Limited	0	0.00	0	58173	0.27	0	0.27
	<b>Total</b>	<b>13849098</b>	<b>63.73</b>	<b>0</b>	<b>13963096</b>	<b>64.25</b>	<b>0</b>	<b>0.53</b>

**iii) Change in Promoters Shareholding (please specify, if there is no change)**

Sr.	Particulars	Shareholding		Cumulative Shareholding	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1.</b>	<b>Sh. Jawahar Lal Oswal</b>				
	At the beginning of the year	108787	0.50	108787	0.50
	Date wise Increase/Decrease in promoters shareholding during the year	No change during the year			
	At the end of the year			108787	0.50
<b>2.</b>	<b>Sh. Kamal Oswal</b>				
	At the beginning of the year	109112	0.50	109112	0.50
	Date wise Increase/Decrease in promoters shareholding during the year	No change during the year			
	At the end of the year			109112	0.50

Sr.	Particulars			Shareholding		Cumulative Shareholding	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>3.</b>	<b>Sh. Dinesh Oswal</b>						
	At the beginning of the year			108623	0.50	108623	0.50
	Date wise Increase/Decrease in promoters shareholding during the year			No change during the year			
	At the end of the year					108623	0.50
<b>4.</b>	<b>Vanaik Investors Limited</b>						
	At the beginning of the year			409273	1.88	409273	1.88
	Date wise Increase/Decrease in promoters shareholding during the year			No change during the year			
	At the end of the year					409273	1.88
<b>5.</b>	<b>Nahar Capital &amp; Financial Services Limited</b>						
	At the beginning of the year			1595390	7.34	1595390	7.34
	Date wise Increase/Decrease in promoters shareholding during the year						
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	10.08.2015	Increase	Purchase	27146	0.12	1622536	7.47
	07.09.2015	Increase	Purchase	3464	0.02	1626000	7.48
	08.09.2015	Increase	Purchase	4521	0.02	1630521	7.50
	09.09.2015	Increase	Purchase	2277	0.01	1632798	7.51
	15.09.2015	Increase	Purchase	2035	0.01	1634833	7.52
	16.09.2015	Increase	Purchase	6000	0.03	1640833	7.55
	18.09.2015	Increase	Purchase	10382	0.05	1651215	7.60
	At the end of the year					1651215	7.60
<b>6.</b>	<b>Oswal Woollen Mills Limited</b>						
	At the beginning of the year			0	0.00	0	0.00
	Date wise Increase/Decrease in promoters shareholding during the year						
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	01.04.2015	Increase	Purchase	2085	0.01	2085	0.01
	06.04.2015	Increase	Purchase	2137	0.01	4222	0.02
	07.04.2015	Increase	Purchase	1306	0.01	5258	0.03
	08.04.2015	Increase	Purchase	7000	0.03	12528	0.06
	10.12.2015	Increase	Purchase	17501	0.08	30029	0.14
	11.12.2015	Increase	Purchase	28144	0.13	58173	0.27
	At the end of the year					58173	0.27
<b>7.</b>	<b>Smt. Abhilash Oswal</b>						
	At the beginning of the year			107583	0.50	107583	0.50
	Date wise Increase/Decrease in promoters shareholding during the year			No change during the year			
	At the end of the year					107583	0.50
<b>8.</b>	<b>Sh. Sambhav Oswal</b>						
	At the beginning of the year			87500	0.40	87500	0.40
	Date wise Increase/Decrease in promoters shareholding during the year			No change during the year			
	At the end of the year					87500	0.40

Sr.	Particulars			Shareholding		Cumulative Shareholding	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>9.</b>	<b>Sh. Abhinav Oswal</b>						
	At the beginning of the year			70000	0.32	70000	0.32
	Date wise Increase/Decrease in promoters shareholding during the year			No change during the year			
	At the end of the year					70000	0.32
<b>10.</b>	<b>Sh. Rishabh Oswal</b>						
	At the beginning of the year			70000	0.32	70000	0.32
	Date wise Increase/Decrease in promoters shareholding during the year			No change during the year			
	At the end of the year					70000	0.32
<b>11.</b>	<b>Ms. Tanvi Oswal</b>						
	At the beginning of the year			175000	0.81	175000	0.81
	Date wise Increase/Decrease in promoters shareholding during the year			No change during the year			
	At the end of the year					175000	0.81
<b>12.</b>	<b>Smt. Ritu Oswal</b>						
	At the beginning of the year			17500	0.08	17500	0.08
	Date wise Increase/Decrease in promoters shareholding during the year			No change during the year			
	At the end of the year					17500	0.08
<b>13.</b>	<b>Smt. Manisha Oswal</b>						
	At the beginning of the year			52500	0.24	52500	0.24
	Date wise Increase/Decrease in promoters shareholding during the year			No change during the year			
	At the end of the year					52500	0.24
<b>14.</b>	<b>Smt. Monica Oswal</b>						
	At the beginning of the year			1050	0.00	1050	0.00
	Date wise Increase/Decrease in promoters shareholding during the year			No change during the year			
	At the end of the year					1050	0.00
<b>15.</b>	<b>Smt. Ruchika Oswal</b>						
	At the beginning of the year			1050	0.00	1050	0.00
	Date wise Increase/Decrease in promoters shareholding during the year			No change during the year			
	At the end of the year					1050	0.00
<b>16.</b>	<b>Sidhant And Mannat Company Limited</b>						
	At the beginning of the year			4404000	20.26	4404000	20.26
	Date wise Increase/Decrease in promoters shareholding during the year						
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	10.10.2015	Increase	Inter se transfer among Promoters	825714	3.80	5229714	24.06
	At the end of the year					5229714	24.06

Sr.	Particulars			Shareholding		Cumulative Shareholding	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>17.</b>	<b>Simran And Shanaya Company Limited</b>						
	At the beginning of the year			4404000	20.26	4404000	20.26
	Date wise Increase/Decrease in promoters shareholding during the year			No change during the year			
	At the end of the year					4404000	20.26
<b>18.</b>	<b>Nagdevi Trading And Investment Company Limited</b>						
	At the beginning of the year			1185150	5.45	1185150	5.45
	Date wise Increase/Decrease in promoters shareholding during the year			No change during the year			
	At the end of the year					1185150	5.45
<b>19.</b>	<b>Girnar Investment Limited</b>						
	At the beginning of the year			825714	3.80	825714	3.80
	Date wise Increase/Decrease in promoters shareholding during the year						
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	10.10.2015	Decrease	Inter se transfer among Promoters	(825714)	(3.80)	0	0
	At the end of the year					0	0
<b>20.</b>	<b>Atam Vallabh Financiers Limited</b>						
	At the beginning of the year			67106	0.31	67106	0.31
	Date wise Increase/Decrease in promoters shareholding during the year			No change during the year			
	At the end of the year					67106	0.31
<b>21.</b>	<b>Vardhman Investments Limited</b>						
	At the beginning of the year			49718	0.23	49718	0.23
	Date wise Increase/Decrease in promoters shareholding during the year			No change during the year			
	At the end of the year					49718	0.23
<b>22.</b>	<b>Neha Credit And Investment Private Limited</b>						
	At the beginning of the year			42	0.00	42	0.00
	Date wise Increase/Decrease in promoters shareholding during the year			No change during the year			
	At the end of the year					42	0.00

**iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.	For Each of the Top 10 Shareholders	Shareholding		Cumulative Shareholding	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1.</b>	<b>Kanchi Investments Limited</b>				
	At the beginning of the year	2376570	10.94	2376570	10.94
	Date wise Increase/Decrease in shareholding during the year	No change during the year			
	At the end of the year			2376570	10.94



<b>2.</b>	<b>Goldman Sachs India Fund Limited</b>						
	At the beginning of the year			378180	1.74	378180	1.74
	Date wise Increase/Decrease in shareholding during the year						
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	24.04.2015	Increase	Purchase	11528	0.05	389708	1.79
	01.05.2015	Increase	Purchase	24934	0.11	414642	1.91
	08.05.2015	Increase	Purchase	6140	0.03	420782	1.94
	05.06.2015	Increase	Purchase	31081	0.14	451863	2.08
	26.06.2015	Increase	Purchase	18018	0.08	469881	2.16
	31.07.2015	Increase	Purchase	39575	0.18	509456	2.34
	At the end of the year					509456	2.34
<b>3.</b>	<b>ICICI Prudential Life Insurance Company Ltd.</b>						
	At the beginning of the year			271736	1.25	271736	1.25
	Date wise Increase/Decrease in shareholding during the year						
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	10.04.2015	Decrease	Sale	(120)	(0.00)	271616	1.25
	24.04.2015	Increase	Purchase	860	0.00	272476	1.25
	01.05.2015	Increase	Purchase	645	0.00	273121	1.26
	15.05.2015	Increase	Purchase	522	0.00	273643	1.26
	22.05.2015	Decrease	Sale	(338)	(0.00)	273305	1.26
	12.06.2015	Increase	Purchase	6953	0.03	280258	1.29
	26.06.2015	Decrease	Sale	(370)	(0.00)	279888	1.29
	03.07.2015	Decrease	Sale	(555)	(0.00)	279333	1.29
	17.07.2015	Decrease	Sale	(555)	(0.00)	278778	1.28
	07.08.2015	Increase	Purchase	225	0.00	279003	1.28
	14.08.2015	Increase	Purchase	430	0.00	279433	1.29
	28.08.2015	Increase	Purchase	8410	0.04	287843	1.32
	04.09.2015	Increase	Purchase	20	0.00	287863	1.32
	18.09.2015	Increase	Purchase	44980	0.21	332843	1.53
	09.10.2015	Increase	Purchase	1049	0.00	333892	1.54
	23.10.2015	Decrease	Sale	(20)	(0.00)	333872	1.54
	30.10.2015	Increase	Purchase	20	0.00	333892	1.54
	06.11.2015	Increase	Purchase	430	0.00	334322	1.54
	13.11.2015	Increase	Purchase	430	0.00	333752	1.54
	20.11.2015	Increase	Purchase	940	0.00	335692	1.54
	04.12.2015	Increase	Purchase	1150	0.01	336842	1.55
	11.12.2015	Increase	Purchase	1410	0.01	338252	1.56
	18.12.2015	Increase	Purchase	910	0.00	339162	1.56
	25.12.2015	Increase	Purchase	1946	0.01	341108	1.57
	15.01.2016	Increase	Purchase	2825	0.01	343933	1.58
	22.01.2016	Increase	Purchase	40390	0.19	384323	1.77
	29.01.2016	Increase	Purchase	41100	0.19	425423	1.96
	12.02.2016	Increase	Purchase	670	0.00	426093	1.96
	19.02.2016	Increase	Purchase	1005	0.00	427098	1.97
	26.02.2016	Increase	Purchase	402	0.00	427500	1.97
	11.03.2016	Decrease	Sale	(1640)	(0.01)	425860	1.96
	25.03.2016	Decrease	Sale	(2230)	(0.01)	423630	1.95
	31.03.2016	Decrease	Sale	(1755)	(0.01)	421875	1.94
	At the end of the year					421875	1.94

<b>4.</b>	<b>Aditya Birla Private Equity Trust, A/c - Aditya Birla Pvt Equity Fund-I</b>				
	At the beginning of the year	341159	1.57	341159	1.57
	Date wise Increase/Decrease in shareholding during the year	No change during the year			
	At the end of the year			341159	1.57
<b>5.</b>	<b>Birla Sun Life Trustee Company Private Limited, A/C Birla Sun Life Midcap Fund</b>				
	At the beginning of the year	329105	1.51	329105	1.51
	Date wise Increase/Decrease in shareholding during the year	No change during the year			
	At the end of the year			329105	1.51
<b>6.</b>	<b>DB International (ASIA) Ltd.</b>				
	At the beginning of the year	282003	1.30	282003	1.30
	Date wise Increase/Decrease in shareholding during the year	No change during the year			
	At the end of the year			282003	1.30
<b>7.</b>	<b>Aditya Birla Private Equity Trust Aditya Birla Pvt. Equity Sunrise Fund</b>				
	At the beginning of the year	201549	0.93	201549	0.93
	Date wise Increase/Decrease in shareholding during the year	No change during the year			
	At the end of the year			201549	0.93
<b>8.</b>	<b>Birla Sun Life Trustee Company Private Limited, A/C India Excel (Offshore) Fund</b>				
	At the beginning of the year	176688	0.81	176688	0.81
	Date wise Increase/Decrease in shareholding during the year				
	<b>Date</b>	<b>Increase/Decrease</b>	<b>Reason</b>		
	08.05.2015	Increase	Purchase	5300	0.02
	05.06.2015	Decrease	Sale	(354)	(0.00)
	31.07.2015	Decrease	Sale	(27000)	(0.12)
	07.08.2015	Decrease	Sale	(3400)	(0.02)
	At the end of the year				
				181988	0.84
				181634	0.84
				154634	0.71
				151234	0.70
	At the end of the year			151234	0.70
<b>9.</b>	<b>Birla Sun Life Trustee Company Private Limited, A/C India Advantage (Offshore) Fund</b>				
	At the beginning of the year	164518	0.76	164518	0.76
	Date wise Increase/Decrease in shareholding during the year				
	<b>Date</b>	<b>Increase/Decrease</b>	<b>Reason</b>		
	31.07.2015	Decrease	Sale	(35000)	(0.16)
	07.08.2015	Decrease	Sale	(1700)	(0.01)
	At the end of the year				
				129518	0.60
				127818	0.59
	At the end of the year			127818	0.59
<b>10.</b>	<b>Birla Sun Life Trustee Company Private Limited, A/C Birla Sun Life Pure Value Fund</b>				
	At the beginning of the year	84800	0.39	84800	0.39
	Date wise Increase/Decrease in shareholding during the year				
	<b>Date</b>	<b>Increase/Decrease</b>	<b>Reason</b>		
	22.05.2015	Decrease	Sale	(1800)	(0.01)
	At the end of the year				
				83000	0.38
	At the end of the year			83000	0.38
<b>11.</b>	<b>Authum Investment and Infrastructure Limited</b>				
	At the beginning of the year	250000	1.15	250000	1.15
	Date wise Increase/Decrease in shareholding during the year				

	Date	Increase/ Decrease	Reason				
	10.04.2015	Decrease	Sale	(10000)	(0.05)	240000	1.10
	17.04.2015	Decrease	Sale	(48212)	(0.22)	191788	0.88
	08.05.2015	Decrease	Sale	(20000)	(0.09)	171788	0.79
	15.05.2015	Decrease	Sale	(163281)	(0.75)	8507	0.04
	22.05.2015	Decrease	Purchase	6407	0.03	14914	0.07
	05.06.2015	Decrease	Sale	(8616)	(0.04)	6298	0.03
	26.06.2015	Decrease	Sale	(6298)	(0.03)	0	0.00
	30.06.2015	Decrease	Purchase	2000	0.01	2000	0.00
	03.07.2015	Decrease	Sale	(1787)	(0.01)	213	
	17.07.2015	Decrease	Purchase	10093	0.05	10306	0.05
	31.07.2015	Decrease	Sale	(5000)	(0.02)	5306	0.02
	07.08.2015	Decrease	Purchase	1660	0.01	6966	0.03
	21.08.2015	Decrease	Purchase	147991	0.68	154957	0.71
	28.08.2015	Decrease	Sale	(1549747)	(0.71)	0	0.00
	At the end of the year					0	0.00

\* The above information is based on the weekly beneficiary position received from the depositories.

**v) Shareholding of Directors and Key Managerial Personnel**

Sr. No.	For each of the Directors and Key Managerial Personnel	Shareholding		Cumulative Shareholding	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
1.	Sh. Jawahar Lal Oswal			108787	0.50
2.	Smt. Ruchika Oswal	1050	0.00	1050	0.00
3.	Smt. Monica Oswal	1050	0.00	1050	0.00
	Date wise Increase/ Decrease in shareholding during the year	No change during the year			
	At the end of the year				
1.	Sh. Jawahar Lal Oswal			108787	0.50
2.	Smt. Ruchika Oswal			1050	0.00
3.	Smt. Monica Oswal			1050	0.00

\* Rest of Directors and Key Managerial Personnel do not hold any share of the company.

**V) INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (₹)
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,287,377,776	-	-	1,287,377,776
ii) Interest due but not paid	1,844,944	-	-	1,844,944
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,289,222,720	-	-	1,289,222,720
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	302,504,381	-	-	302,504,381
Net Change				
Indebtedness at the end of the financial year		-	-	
i) Principal Amount	984,873,395	-	-	984,873,395
ii) Interest due but not paid	13,388,048	-	-	13,388,048
iii) Interest accrued but not due	-			-
Total (i+ii+iii)	998,261,443	-	-	998,261,443

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A) Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sr. No.	Particulars of Remuneration	Name of MD/WT/ Manager				Total Amount (₹)
		CMD	WTD	WTD	WTD	
		Sh. Jawahar Lal Oswal*	Sh. Sandeep Jain	Smt. Ruchika Oswal	Smt. Monica Oswal	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	15,063,188	7,590,278	7,589,963	30,243,429
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	17,034	-	7,265	24,299
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	<b>Total (A)</b>	-	<b>15,080,222</b>	<b>7,590,278</b>	<b>7,597,228</b>	<b>30,267,728</b>
	Ceiling as per the Act	10% of the Net Profits of the Company i.e. ₹ 926.04 Lacs				

\* During the year, no remuneration was paid to Sh. Jawahar Lal Oswal.

**B) Remuneration to other directors:**

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount (₹)
		Sh. Suresh Kumar Singla	Sh. Sainen Kumar Chaudhuri	Sh. Yash Paul Sachdeva	Sh. Ajit Singh Chatha	Dr. Amrik Singh Sohi	Smt. Manisha Gupta	
1	<b>Independent Directors</b>							
	Fee for attending board committee meetings	40,000	10,000	40,000	20,000	-	40,000	1,50,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>40,000</b>	<b>10,000</b>	<b>40,000</b>	<b>20,000</b>	<b>-</b>	<b>40,000</b>	<b>1,50,000</b>
2	<b>Other Non-Executive Directors</b>	<b>Sh. Dinesh Gogna</b>	<b>Sh. Paurush Roy*</b>	-	-	-	-	-
	Fee for attending board committee meetings	40,000	-	-	-	-	-	40,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>40,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,000</b>
	<b>Total (B)=(1+2)</b>							<b>1,90,000</b>
	<b>Total Managerial Remuneration (excluding sitting fee)</b>							<b>3,02,67,728</b>
	Overall Ceiling as per the Act	11% of the Net Profits of the Company i.e. ₹1018.65 Lacs						

\*During the year no sitting fees was paid to Sh. Paurush Roy .

Note: Dr. Vandana Bhandari has not attended any meeting and ceased to be Director of the Company w.e.f. 09.11.2015.

**C) Remuneration to Key Managerial Personnel Other Than MD/MANAGER/WTD:**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CS	CFO	CFO	Total (₹)
1	Gross salary	Sh. Sahil Jain	Sh. R. M. Sood*	Sh. Sarweshwer Arora**	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,16,011	13,90,538	14,80,522	34,87,071
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	<b>6,16,011</b>	<b>13,90,538</b>	<b>14,80,522</b>	<b>34,87,071</b>

**Notes:** \* Sh. R.M. Sood has ceased to be Chief Financial Office (CFO) of the Company w.e.f. 06.08.2015.

\*\*Sh. Sarweshwer Arora has ceased to be Chief Financial Office (CFO) of the Company w.e.f. 01.02.2016.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give details)
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment					
Compounding					
C. Other officers in default					
Penalty					
Punishment					
Compounding					

**For and on Behalf of Board of Directors**

**Place : Ludhiana**  
**Date : 09.08.2016**

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



**ANNEXURE-E TO THE DIRECTOR'S REPORT**

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

*FOR THE FINANCIAL YEAR ENDED 31.03.2016*

*[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 31<sup>st</sup> March, 2016 (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 31<sup>st</sup> March, 2016 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;  
Provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made there under were not attracted during the audit period as 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) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from 15th May 2015);
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not Applicable as the Company has not issued any securities during the audit period;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - Not Applicable as the Company has not granted any options to its employees during the audit period;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable as the Company has not issued any debt securities during the audit period;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not Applicable as the Company is not registered as Registrars to an Issue and Share Transfer Agents;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable as the Company has not delisted its equity shares during the audit period; and

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not Applicable as the Company has not bought back any of its securities during the audit period.

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

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (effective from 1<sup>st</sup> July, 2015).
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Ltd. and BSE Limited and SEBI (LODR) Regulations, 2015 (effective from 1<sup>st</sup> December, 2015).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**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;
3. The Payment of Bonus Act, 1965;
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 audit period:

The Company has obtained approval of shareholders by way of postal ballot for the following:

- a) Amendment to Memorandum of Association of the Company;
- b) Alteration of Articles of Association of the Company;
- c) Adoption of new set of Articles of Association of the Company.

Place: Ludhiana  
Date: 30.05.2016

Signature:-  
Name of Company Secretary in Practice: -

Sd/-  
P. S. Dua  
FCS No. 4552  
C P 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 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**

**Date : 30.05.2016**  
**Place : Ludhiana**

**Sd/-**  
**Company Secretary**

## ANNEXURE-F 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 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 are as under:

S.No.	Name & Designation of Director / KMP	Remuneration for F.Y. 2015-16 (₹ in Lacs)	% Age increase in the remuneration in the F.Y. 2015-16	Ratio of Remuneration of each director to median remuneration of employees
1.	Sh. Jawahar Lal Oswal Chairman & Mg. Director	Nil*	-	-
2.	Sh. Sandeep Jain Executive Director	150.80	12.39	143.68
3.	Smt. Ruchika Oswal Executive Director	75.90	0.97	72.32
4.	Smt. Monica Oswal Executive Director	75.97	(-)0.48	72.38
5.	Sh. Dinesh Gogna Non Executive Director	0.40	\$	0.38
6.	Sh. Paurush Roy Non Executive Director	Nil*	-	-
7.	Dr. Yash Paul Sachdeva Independent Director	0.40	\$	0.38
8.	Dr. Vandana Bhandari Independent Director	Nil	\$	-
9.	Dr. Sailen Kumar Chaudhuri Independent Director	0.10	\$	0.10
10.	Sh. Ajit Singh Chatha Independent Director	0.20	\$	0.19
11.	Dr. Suresh Kumar Singla Independent Director	0.40	\$	0.38
12.	Dr. Manisha Gupta Independent Director	0.40	\$	0.38
13.	Sh. Rukmesh Mohan Sood Chief Financial Officer	13.90	@	-
14.	Sh. Sarweshwer Arora Chief Financial Officer	14.80	@	-
15.	Sh. Sahil Jain Company Secretary	6.16	46.13	5.87

\* Details not given as no remuneration/sitting fees was paid to Sh. Jawahar Lal Oswal, Dr. Vandana Bhandari and Sh. Paurush Roy.

\$ Details not given as the sitting fees has remained constant at ₹10,000/- per meeting.

@ Details not given as employed for part of the Financial Year 2015-16.

- The median remuneration of employees of the Company during the financial year was at ₹1.05 lacs.
- In the financial year, there was an increase of 11.91% in the median remuneration of employees.
- There were 1,699 permanent employees on the rolls of Company as on March 31, 2016.
- Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2015-16 was 13.36 % whereas increase in the managerial remuneration for the same financial year was 6.53%.
- 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 31.03.2016.**

**DETAILS OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN AND THE NAME OF THE PERSONS WHO WAS IN RECEIPT OF REMUNERATION NOT LESS THAN ₹10,200,000/- THROUGHOUT THE FINANCIAL YEAR 2015-16.**

Name of Employees	Age in years	Designation	Qualification	Nature of Employment	Experience in Years	Date of Commencement of Employment	Remuneration	Last Employment Held
Sh. Sandeep Jain	44	Executive Director	Graduate	Whole-time	22	01.08.2012	1,50,80,222	Oswal Woollen Mills Limited
Smt. Ruchika Oswal	44	Executive Director	Graduate	Whole-time	16	10.08.2011	75,90,278	Oswal Woollen Mills Limited
Smt. Monica Oswal	44	Executive Director	Graduate	Whole-time	16	10.08.2011	75,97,228	Oswal Woollen Mills Limited
Sh. Swapan Dutta	53	President (Retail)	Graduate	Whole-time	26	07.03.2011	29,47,584	Oswal Woollen Mills Limited
Sh. Arvind Kumar Jain	58	V.P. Merchandising	Graduate	Whole-time	36	01.04.2011	18,95,472	Oswal Woollen Mills Limited
Sh. Sumit Agrawal	38	Vice President	Graduate	Whole-time	18	20.12.2015	16,88,936	Creative Line International Private Limited
Sh. Rajesh Sodhi	48	Sr.V.P. (MBO's)	MBA	Whole-time	26	01.08.2012	16,23,417	Global Trentz Ltd.
Sh. Manish Chopra	38	V.P. Merchandising	Graduate	Whole-time	18	01.04.2011	16,06,536	Oswal Woollen Mills Limited
Sh. Ashish Madan	37	V. P. (LFS)	Graduate	Whole-time	18	23.07.2014	15,52,529	Aureole Inspects Pvt. Ltd
Sh. Devinderjeet Singh	43	V.P. Operations	M.Sc	Whole-time	17	01.04.2011	13,94,532	Oswal Woollen Mills Limited

**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, Chairman and Managing Director.
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 includes Salary, Commission, House Rent Allowance, Company's contribution to Provident Fund, Medical Expenses and other perquisites as per the company's policy.

**For and on behalf of Board of Directors**

**Place : Ludhiana  
Date : 09.08.2016**

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



**ANNEXURE-G 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****a) Steps taken or impact on conservation of energy;**

- Technical up-gradation and modernization of various machines.
- Modernization/Replacement of old plant and machinery.
- Use of solar energy as alternative source of energy.

**b) Steps taken by the company for utilizing alternative source of energy;**

- Use of Wood/Pet Coke/Cotton Fly.
- Preliminary discussion held with BOSCH for setting up solar project.

**c) Capital investment on energy conservation equipment;**

- Will start in 2016-17.

**B. TECHNOLOGY ABSORPTION:****1. 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.

**2. 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 both inland and overseas market.

**3. 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.

**4. Expenditure incurred on Research & Development**

- Nil

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:****a) Activities relating to exports; initiatives taken to increase exports; development of new exports markets for products and services; and export plans;**

1. The Company is engaged in the manufacture and exports of all types of designer apparels.
2. Efforts are made on continuous basis to explore new export markets.
3. The company has very strong R & D department to develop new varieties woolen/ acrylic/ blended/ cotton yarns as per the demands in the international market.
4. The company has ambitious plans to tap the global customers in woolen/ blended/ cotton designer apparels.

**b) Total foreign exchange used & earned:****(Amount in ₹)**

	<b>2015-2016</b>	<b>2014-2015</b>
i) Total Foreign Exchange used	31,08,96,813.12	33,17,25,687.81
ii) Total Foreign Exchange earned	15,30,735.67	14,02,220.00

**For And On Behalf Of Board Of Directors****Date : 09.08.2016****Place : Ludhiana**

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

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY

The Company's philosophy on Corporate Governance is focused upon a rich legacy of fair, ethical and transparent governance practices. The Company is conscious of its responsibility as a good corporate citizen. This is reflected in the well balanced and independent structure of Company's eminent and well represented Board of Directors. It is well recognized that an effective Board is a pre-requisite for a strong and effective Corporate Governance. Our Board is at the core of our Corporate Governance practices and oversees how the management serves and protects the long term interests of our stakeholders. Our Corporate Governance framework ensures that we make timely disclosures and share accurate information regarding our financials, performance and operations of the Company.

### 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 periodically evaluates the need for change in its composition and size.

During the year under review, the Board met on 4 (Four) occasions viz. May 30, 2015, August 06, 2015, November 09, 2015 and February 01, 2016. The maximum gap between any two Board meetings was less than one hundred and twenty days.

The names of the directors, their status, their attendance at the Board Meetings and the last Annual General Meeting, number of other directorships and Committee Membership(s)/ Chairmanship(s) of each Director as at 31.03.2016 are as under:

Name of the Director	Category	No. of Board Meetings Attended	Attendance at AGM held on 29.09.2015	No. of Directorship <sup>1</sup>	No. of Committees <sup>2</sup> in which Chairman / Member	
					Chairman	Member <sup>3</sup>
Sh. Jawahar Lal Oswal <sup>4</sup>	Promoter, Chairman & Managing Director	4 of 4	Present	8	-	-
Sh. Sandeep Jain <sup>4</sup>	Executive Director	4 of 4	Present	2	-	-
Smt. Ruchika Oswal <sup>4</sup>	Promoter, Executive Director	4 of 4	Present	5	-	-
Smt. Monica Oswal <sup>4</sup>	Promoter, Executive Director	1 of 4	Not Present	6	-	2
Sh. Dinesh Gogna	Non Executive, Non Independent Director	4 of 4	Present	8	1	5
Sh. Paurush Roy	Non Executive, Non Independent Director	4 of 4	Not Present	2	-	-
Sh. Ajit Singh Chatha	Non Executive Independent Director	2 of 4	Not Present	4	-	2
Dr. Sailen Kumar Chaudhuri	Non Executive Independent Director	1 of 4	Not Present	None	-	-
Dr. Suresh Kumar Singla	Non Executive Independent Director	4 of 4	Present	4	2	5
Dr. Yash Paul Sachdeva	Non Executive Independent Director	4 of 4	Not Present	5	-	2
Dr. Vandana Bhandari <sup>5</sup>	Non Executive Independent Director	None	Not Present	None	-	-
Dr. Manisha Gupta	Non Executive Independent Director	4 of 4	Not Present	None	-	-
Dr. Amrik Singh Sohi <sup>6</sup>	Non Executive Independent Director	None	N.A	4	1	3

1. 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.
  2. Chairmanship/Membership of Committee only includes Audit Committee and Stakeholders Relationship Committee in Indian Public Limited Companies other than Monte Carlo Fashions Limited
  3. Number of memberships in committees are inclusive of Chairmanship.
  4. Sh. Jawahar Lal Oswal, Smt. Ruchika Oswal and Smt. Monica Oswal are related to each other. However, Sh. Sandeep Jain is related to Smt. Ruchika Oswal and Sh. Jawahar Lal Oswal.
  5. Dr. Vandana Bhandari ceased to be director of the Company due to resignation w.e.f 09.11.2015.
  6. Dr. Amrik Singh Sohi was appointed as an Additional Director (Independent) of the Company w.e.f. 01.02.2016.
- Further, the Board in its meeting held on 09.08.2016 has appointed Sh. Alok Kumar Misra as an Additional Director (Independent) of the Company.

#### SHAREHOLDING DETAILS OF DIRECTORS AS ON 31.03.2016:

The detail of the Director's shareholding in the Company is given as follows:

Name of Director	No. of Shares
Jawahar Lal Oswal	108787
Ruchika Oswal	1050
Monica Oswal	1050

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

#### 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 can also be accessed from <http://www.montecarlocorporate.com/pdf/FAMILIARISATION-PROGRAMME-OF-INDEPENDENT-DIRECTORS.pdf>.

#### CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL:

The Board of Directors of the Company has laid down a Code of Conduct for all the Board Members and Senior Management Personnel of the Company. The Code has been communicated to the Directors and the members of Senior Management. The said Code of Conduct has also been posted on the website of the Company. All the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. A declaration to this effect signed by Chairman & Managing Director of the Company is annexed to this report.

#### COMMITTEES OF THE BOARD:

The Board of Directors has constituted various Committees of Board in accordance with the provisions of the Companies Act, 2013 and the Listing Regulations to take informed decision 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 Board has constituted an Audit Committee in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations comprising 6 (Six) members with the Chairman of the Committee is an Independent Director.

During the year under review, the Audit Committee met on 4 (four) occasions viz. May 30, 2015, August 06, 2015, November 09, 2015 and February 01, 2016 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.

The Chairman of the Audit committee was present at the last Annual General Meeting of the Company for addressing shareholders queries. The composition of the Audit Committee 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	4
2.	Sh. Paurush Roy	Member	Non-Executive	4
3.	Dr. Yash Paul Sachdeva	Member	Non-Executive Independent	4
4.	Sh. Dinesh Gogna	Member	Non-Executive	4
5.	Dr. Manisha Gupta	Member	Non-Executive Independent	4
6.	Dr. Sailen Kumar Chaudhuri	Member	Non-Executive Independent	0

The members of the Audit Committee are financially literate and bring in expertise in field of finance, taxation etc. The Company Secretary acts as the Secretary of the Committee. Chief Financial Officer, Internal Auditors and the Statutory Auditors are permanent invitees in the meetings of the Committee. 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 of 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 Board has constituted a Nomination and Remuneration Committee, in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, comprising 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 twice on August 06, 2015 and February 01, 2016. The necessary quorum was present at both the meetings. The Company Secretary acts as the Secretary of the Committee.

Dr. Suresh Kumar Singla, Chairman of the Audit Committee represented Dr. Yash Paul Sachdeva, Chairman of the Nomination and Remuneration Committee at the last Annual General Meeting of the Company for addressing shareholders queries. The composition of the Nomination and Remuneration Committee 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. Yash Paul Sachdeva	Chairman	Non-Executive Independent	2
2.	Dr. Suresh Kumar Singla	Member	Non-Executive Independent	2
3.	Sh. Dinesh Gogna	Member	Non-Executive	2
4.	Sh. Paurush Roy	Member	Non-Executive	2

#### Terms of Reference:

The Board has made the Nomination and Remuneration Committee Policy which ensures effective compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. The Board has clearly defined terms of reference for the Nomination and Remuneration Committee, which are as follows:

- 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 OF INDEPENDENT DIRECTORS:

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 Company pays remuneration to the Executive Directors as approved by the Board of Directors and the Members in the General Meeting of the Company. Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board Meetings. The details of remuneration paid to Directors during the Financial Year ended March 31, 2016 are as follows:

(Amount in ₹)

Name of the Director	Salaries, Perquisites and Allowances	Commission	Sitting fees (Inclusive of Service Tax)	Total
Sh. Jawahar Lal Oswal*	-	-	-	NIL
Sh. Sandeep Jain	1,50,80,222	-	-	1,50,80,222
Smt. Ruchika Oswal	75,90,278	-	-	75,90,278

Name of the Director	Salaries, Perquisites and Allowances	Commission	Sitting fees (Inclusive of Service Tax)	Total
Smt. Monica Oswal	75,97,228	-	-	75,97,228
Sh. Dinesh Gogna	-	-	40,000	40,000
Sh. Paurush Roy*	-	-	-	NIL
Sh. Ajit Singh Chatha	-	-	20,000	20,000
Dr. Sailen Kumar Chaudhuri	-	-	10,000	10,000
Dr. Suresh Kumar Singla	-	-	40,000	40,000
Dr. Yash Paul Sachdeva	-	-	40,000	40,000
Dr. Vandana Bhandari**	-	-	-	-
Dr. Manisha Gupta	-	-	40,000	40,000

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

\*\* Dr. Vandana Bhandari ceased to be director of the Company due to resignation w.e.f. 09.11.2015.

#### **DIRECTORS WITH PECUNIARY RELATIONSHIP OR BUSINESS TRANSACTION WITH THE COMPANY:**

The Executive Directors receives Salary, Perquisites, Allowances and other benefits in accordance with their terms of appointment, while all the Non-Executive 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 in the ordinary course of business on arm's length basis and 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 to 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 Board has constituted Stakeholders Relationship Committee in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations, comprising 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 30, 2015, August 06, 2015, November 09, 2015 and February 01, 2016. The necessary quorum was present for the meeting. 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. Sh. Sahil Jain, Company Secretary is the Compliance Officer of the Company.

The table below highlights the composition and attendance of the Members of the Committee as on March 31, 2016. The necessary quorum was present for the Meeting.

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	4
4.	Dr. Yash Paul Sachdeva	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:

During the year 594 Complaints (substantially related to refund application money-Initial Public Offer) 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 31<sup>st</sup> March, 2016.

#### (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. Yash Paul Sachdeva as members. The Committee met twice during the year viz., August 06, 2015 and January 30, 2016.

#### 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.

#### (G) SHARE TRANSFER COMMITTEE:

Your Board has constituted a Share Transfer Committee 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 4 (four) occasions viz. April 18, 2015, June 22, 2015, December 23, 2015 and March 14, 2016.

#### 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.

#### Meeting & Attendance

Sr. No.	Name	Position	Category	No. of Meeting Attended
1.	Sh. Jawahar Lal Oswal	Chairman	Chairman & Managing Director	4
2.	Sh. Sandeep Jain	Member	Executive	3
3.	Sh. Dinesh Gogna	Member	Non-Executive	4

#### GENERAL BODY MEETINGS:

1. 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
2014-2015	Tuesday, 29 <sup>th</sup> September, 2015	11.00 A.M.	Registered Office of the Company situated at B-XXIX-106, G. T. Road, Sherpur, Ludhiana-141003.	0
2013-2014	Tuesday, 30 <sup>th</sup> September, 2014	04.30 P.M.	Registered Office of the Company situated at G. T. Road, Sherpur, Ludhiana-141003.	3
2012-2013	Thursday, 21 <sup>st</sup> November, 2013	11.30 A.M.	Registered Office of the Company situated at G. T. Road, Sherpur, Ludhiana-141003.	1

## 2. POSTAL BALLOT

During the year, the Company has conducted a Postal Ballot Exercise for obtaining the approval of shareholders by way of passing the Special Resolutions for the purpose of amendment/ alteration of Memorandum & Articles of Association and adoption of new set of Articles of Association of the Company.

Pursuant to the provisions of Section 108, 110 and other applicable provisions of the Companies Act, 2013 ("the Act") read with Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the approval of the shareholders was sought for passing of the Special Resolutions through Postal Ballot (including E-voting) as set out in the notice dated April 17, 2015.

The Postal Ballot Notice dated April 17, 2015 containing the Special Resolutions together with Statement annexed to the Notice was sent to all the Members of the Company and the last date of the receipt of the votes, either physical or through e-voting was Wednesday, May 27, 2015.

Mr. Pritpal Singh Dua, Practising Company Secretary (CP No. 3934) of M/s P.S.Dua & Associates, Company Secretaries, appointed as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner, submitted his report on May 28, 2015.

On the basis of report of the Scrutinizer in regards to Postal Ballot (including e-voting), the Chairman on May 29, 2015 declared that the resolutions proposed in the notice were duly passed by the shareholders with requisite majority.

Following are the details of voting results:

Name of Resolution	Type of Resolution	No. of Votes Polled	Votes cast in favour		Votes cast against	
			No. of Votes	%	No. of Votes	%
Amendment to Memorandum of Association of the Company	Special	16782640	16782264	99.998	376	0.002
Alteration of Articles of Association of the Company	Special	16782571	16782114	99.997	457	0.003
Adoption of new set of Articles in accordance with the act	Special	16782640	16782264	99.574	376	0.426

### MEANS OF COMMUNICATION:

- The Quarterly/ Half Yearly / Annual Financial Results of the Company are published generally through Economic Times, Business Standard (English-All Editions), Desh Sewak/ Punjabi Jagran (Punjabi) and are also posted on the Company's website i.e www.montecarlocorporate.com.
- 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.
- The Company's website also contains an exclusive section on 'Investor Relations' which enables them to access information such as Quarterly / Half Yearly / Annual Financial Statements, Corporate Governance Reports, Shareholding Patterns and Press Releases in downloadable format as a measure of added convenience.
- SCORES is a web based complaint redress system. Action Taken Reports (ATRs) on the investor complaint(s) are uploaded on the SCORES for online viewing by investors of actions taken on the complaint by the Company and its current status.
- The Company has designated an exclusive email-id for investor services i.e. investor@montecarlocorporate.com.

### GENERAL SHAREHOLDER INFORMATION

- Date of Annual General Meeting : 29<sup>th</sup> September, 2016
- Day : Thursday
- Financial Year : 2015-16
- Time : 11:00 A.M.
- Venue : B-XXIX-106, G.T. Road, Sherpur, Ludhiana-141003
- Date of Book Closure : 23<sup>rd</sup> September, 2016 to 29<sup>th</sup> September, 2016 (both days inclusive)
- Dividend Payment Date : within 30 days from the date of declaration
- 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 : INE950M01013
- Stock Code / Symbol : BSE - 538836  
NSE-MONTECARLO

**Listing Fee / Annual Custodian Fee:**

The Annual Listing Fee has been paid to BSE and NSE for the Financial Year 2016-2017. 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 2016-17.

**Market Price Data:**

The monthly high & low quotations of the Company's shares traded on BSE Limited and National Stock Exchange of India Limited during the financial year 2015-2016 are as under:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (No's)	High (₹)	Low (₹)	Volume (No's)
April 2015	567.90	479.10	3,57,273	567.60	480.30	7,39,185
May 2015	602.00	525.25	3,45,450	602.00	531.00	8,54,696
June 2015	584.00	506.50	1,74,823	585.00	503.00	3,99,831
July 2015	572.50	519.50	1,06,387	575.00	520.0	3,44,924
August 2015	574.00	381.00	1,93,463	574.75	422.40	5,43,682
September 2015	480.00	421.50	49,891	457.05	422.90	2,13,152
October 2015	444.00	418.00	42,260	443.05	415.05	1,67,277
November 2015	474.90	429.10	70,728	474.00	430.00	4,04,167
December 2015	572.80	415.00	3,95,334	572.00	413.45	14,21,495
January 2016	550.75	446.25	1,09,030	551.00	445.00	4,04,205
February 2016	501.30	375.00	81,297	501.95	374.00	2,07,295
March 2016	405.00	337.00	57,250	398.95	337.05	1,92,246

**Performance in comparison to broad based indices during the Financial Year 2015-2016:**

Month	BSE					NSE				
	Share Price BSE		BSE Sensex		Volume	Share Price NSE		NSE NIFTY		Volume
	High (₹)	Low (₹)	High	Low	No. of Shares	High (₹)	Low (₹)	High	Low	No. of Shares
April 2015	567.90	479.10	29094.61	26897.54	3,57,273	567.60	480.30	8844.80	8144.75	7,39,185
May 2015	602.00	525.25	28071.16	26423.99	3,45,450	602.00	531.00	8489.55	7997.15	8,54,696
June 2015	584.00	506.50	27968.75	26307.07	1,74,823	585.00	503.00	8467.15	7940.30	3,99,831
July 2015	572.50	519.50	28578.33	27416.39	1,06,387	575.00	520.0	8654.75	8315.40	3,44,924
Aug 2015	574.00	381.00	28417.59	25298.48	1,93,463	574.75	422.40	8621.55	7667.25	5,43,682
Sep 2015	480.00	421.50	26471.82	24833.54	49,891	457.05	422.90	8055.00	7539.50	2,13,152
Oct 2015	444.00	418.00	27618.14	26168.71	42,260	443.05	415.05	8336.30	7930.65	1,67,277
Nov 2015	474.90	429.10	26824.30	25451.42	70,728	474.00	430.00	8116.10	7714.15	4,04,167
Dec 2015	572.80	415.00	26256.42	24867.73	3,95,334	572.00	413.45	7979.30	7551.05	14,21,495
Jan 2016	550.75	446.25	26197.25	23839.76	1,09,030	551.00	445.00	7972.55	7241.50	4,04,205
Feb 2016	501.30	375.00	25002.32	22494.61	81,297	501.95	374.00	7600.45	6825.80	2,07,295
Mar 2016	405.00	337.00	25479.62	23133.18	57,250	398.95	337.05	7777.60	7035.10	1,92,246

**Registrar & Share Transfer Agent:****LINK INTIME INDIA PRIVATE LIMITED (DELHI OFFICE)**

44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-1, Near PVR Naraina,  
New Delhi-110028, 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, 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 obtains a Certificate of Compliance with the share transfer formalities from a Practicing Company Secretary as required under Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (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, 2016:**

S. No.	Distribution of No. of Shares	No. of Shareholders	%age to Total No. of Shareholders	No. of Shares held	Percentage
1.	1-500	48728	99.10	1537089	7.07
2.	501-1000	208	0.42	160112	0.74
3.	1001-2000	99	0.20	142710	0.66
4.	2001-3000	33	0.07	80932	0.37
5.	3001-4000	13	0.03	43936	0.20
6.	4001-5000	9	0.02	42068	0.19
7.	5001-10000	27	0.05	201566	0.93
8.	10001 & Above	53	0.11	19523651	89.84
	Total	49170	100.00	21732064	100.00

**Dematerialization of Equity Shares and Liquidity:**

As on March 31, 2016, 2,16,94,236 equity shares representing 99.82% of the total equity share capital of the Company were held in dematerialised form. 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.

**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 Secretarial 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. 231, Industrial Area-A-Ludhiana
2. B-XXIX-106, G.T.Road, Sherpur-Ludhiana
3. G.T.Road, Millerganj, -Ludhiana
4. Plot No-425 & 427, Near Textile Colony-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 <b>Tel</b> -0161-5066628 <b>Fax</b> -0161-2542509 Email- <a href="mailto:investor@montecarlocorporate.com">investor@montecarlocorporate.com</a> Website: <a href="http://www.montecarlocorporate.com">www.montecarlocorporate.com</a>	<b>DELHI OFFICE:</b> 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-1, Near PVR Naraina, New Delhi-110028 Email: <a href="mailto:delhi@linkintime.co.in">delhi@linkintime.co.in</a> Tel: 011-41410592 Fax: 011-41410591

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](http://www.montecarlocorporate.com).

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 related matters.

**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. 34 in "Notes forming part of the Accounts" annexed to the

Financial Statements for the year ended 31<sup>st</sup> March 2016. All the related party transactions were in the ordinary course of business at 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.**

There were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital market during the last three 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 31.03.2016. The said policy is also posted on the website of the Company viz: [www.montecarlocorporate.com](http://www.montecarlocorporate.com).

- **Details of Compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.**

During the year, the Company has fully complied with the mandatory requirements as stipulated under SEBI (LODR) Regulations, 2015. The status of compliance with discretionary recommendations and adoption of the non-mandatory requirements as specified in Regulation 27(1) of the Listing Regulations is being reviewed by the Board and adopted to the extent and in manner as stated below:

<b>Modified opinion(s) in audit report-</b> The Listed entity may move towards a regime of financial statements with un-modified audit opinion.	It is always the Company's endeavour to present Audited Financial Statements with unmodified opinion. There is no audit modification in the Company's Financial Statements for the year ended on March 31, 2016.
<b>Reporting of Internal Auditor –</b> The Internal Auditor may report directly to the Audit Committee	The Internal Auditor of the Company is a permanent invitee to the Audit Committee Meetings and regularly attends the Meetings for reporting his audit findings to the Audit Committee.

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

As on March 31, 2016, your Company does not have any Subsidiary.

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

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>.

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

**For and on Behalf of Board of Directors**

**Date : 09.08.2016**  
**Place : Ludhiana**

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

**DECLARATION REGARDING COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS  
AND SENIOR MANAGEMENT PERSONNEL**

I hereby declare that all the Members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management for the year ended 31<sup>st</sup> March 2016.

**For Monte Carlo Fashions Limited**

**Place: Ludhiana**  
**Date: 30.05.2016**

**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 31<sup>st</sup> March, 2016 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 31<sup>st</sup> March, 2016 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: 30.05.2016**

**Jawahar Lal Oswal**  
**Chairman & Managing Director**

**Raman Kumar**  
**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 31 March 2016, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the Company with the Stock Exchanges.

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 above-mentioned Listing Agreement / Listing Regulations, as applicable.

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.

**Place: - Ludhiana**  
**Dated: - 09.08.2016**

**For P. S. Dua & Associates**

**(Company Secretaries)**  
**(M No. 4552)**  
**(C. P No.3934)**



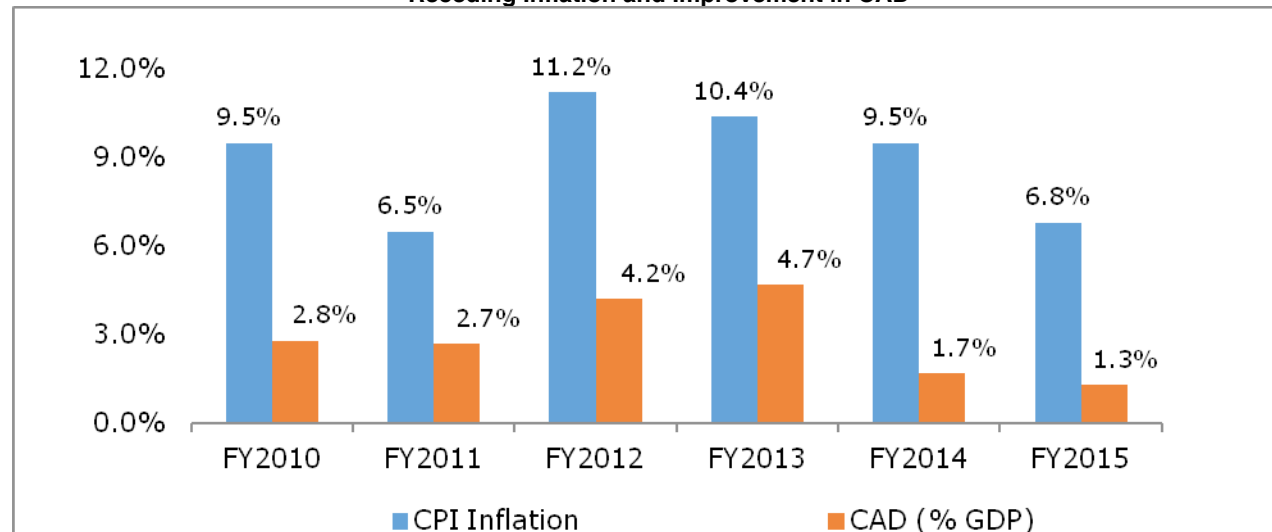
## MANAGEMENT DISCUSSION & ANALYSIS

### ECONOMY & INDUSTRY SECTION

#### INDIA ECONOMIC OVERVIEW:

India has long been viewed as a potential economic tiger that is yet to achieve its potential. Earlier myriad regulations and the intricate federal structure of the Government inhibited business growth and held back the nation from achieving its projected economic potential. However, this appears to be changing gradually. India's macro-economic situation witnessed an upswing in FY2015-16. Its real GDP grew by 7.6% in FY2016, compared to 7.3% in FY2015 with the combined impact of government reforms and lower commodity prices which led to softening inflation and lower Current Account Deficit (CAD) thereby enabling the Reserve Bank of India (RBI) to gradually lower interest rates. However, a shortfall in the monsoon with deficient rains lead to drought like conditions which resulted into rural distress leading to lower consumer demand.

**Receding Inflation and Improvement in CAD**



The State Governments, in lockstep with the Central Government, have unveiled several economic reforms that have made it comparatively easier to do business in India than ever before. This has led to a rise in public sector expenditure and an upturn in the capital replacement cycle. The most important policy reform being the passage of GST Bill by the Government recently. The Government has also given the go-ahead for 100% Foreign Direct Investment (FDI) in the marketplace format of e-commerce retailing to attract greater foreign investments into this high growth Indian market.

On the back of a promising monsoon predicted by the Indian Meteorological Department (IMD) and GDP growth forecast of 7.7% for 2016, India is firmly on its way to catapult into a global growth engine. The growth rate ranks India as one of the fastest growing large economy in the world. A positive economic outlook clearly indicates that the Indian growth story is seen gaining strength in the years to come.

Source: KPMG Report, 2016

Beside the other factors which are likely to have positive impact on industry the government has accepted the recommendations of the 7<sup>th</sup> Pay commission to revise the salary for 1 crore central government employees and pensioners effective 1 January, 2016. By August end, the Indian government may disburse ₹34,600 crore to its employees in their monthly salary. The total gross impact of the seventh pay commission on the exchequer is to the tune of ₹1.02 lakh crore as there will be an increase in the salaries of over 1 crore central government employees. For this, during the current Union budget, the government has already made a provision to the extent of ₹93,325 crore. This move by the government is expected to increase the disposable income in the hands of the end consumer and positively revive the consumption demand in the economy.

Also the passing of GST bill by the parliament is seen as a very positive step in the international investment community as it will result in the creation of one single market on the national level having a very transparent and easy to understand tax structure thereby resulting in ease of doing business by the organisations. This along with the liberalised FDI regulations is expected to result in the increased inflow of FDI in the Indian economy, having obviously the effect of increase in demand and consumption of general needs of the people, which is likely to have a positive impact on the branded apparel industry.

## INDUSTRY OVERVIEW:

### TEXTILE AND APPAREL INDUSTRY

India is the second-largest producer of textiles and garments in the world, with an enormous raw material and manufacturing base. The size of the Indian Textile & Clothing industry is estimated to be ₹8,540 billion in FY2015, which has grown at a CAGR of ~10% over the last decade. Domestic market accounts for ~73% of the total industry and export market accounts for the balance ~27%. The industry contributes ~14% to the domestic industrial production and ~4% to the country's GDP; and is the second largest provider of employment in India, after agriculture. Apparel is the largest segment of the industry, comprising ~60% of the total industry size. While apparel accounts for ~65% of the total domestic market, its share in textile exports remained lower at ~45%. Hence, given the sizeable share in exports of textile intermediates, there is tremendous scope for increasing the share of apparels in textile exports to increase domestic value addition and attract investments in the apparel sector. The readymade garments market is estimated at \$45 billion, of which the domestic market is around \$27 billion, while exports stand at \$18 billion. Source: ICRA Report, 2015.

The Indian textile industry is expected to have positive growth in the current financial year on account of the following factors as discussed above:

- Good Monsoons.
- Passing of GST bill increasing the investor confidence resulting in increased Foreign investments.
- Acceptance of 7<sup>th</sup> Pay commission recommendations by the Central Government.

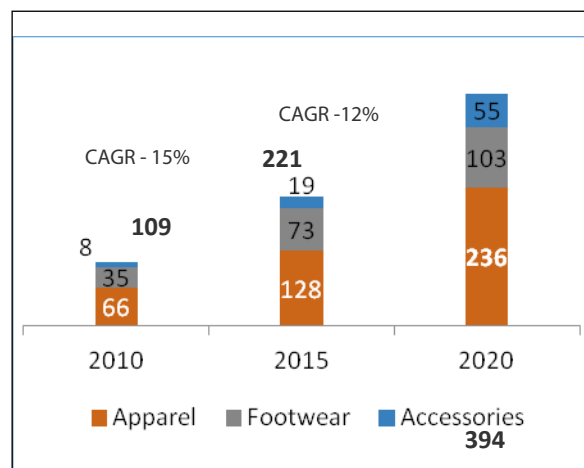
### Retail Market

The Retail market in India is estimated to be ~US\$ 600 billion. Of this, the organised market comprises 9-10% or US\$ 60 billion. The sector has grown at ~12% CAGR over the last decade, and the growth is expected to be moderately higher, going forward. By 2020, the retail market is expected to be US\$ 1,100-1,200 billion. The overall growth in the sector is projected to be driven by significant demographic shifts: 70% increase in income levels, 100 million youth entering the workforce, increasing nuclearisation of families, increase in urbanisation of India and increasing fashion consciousness of the population even in the rural area. Data Source: Confederation of Indian Industry.

The Fashion & Lifestyle market in India is estimated to be ₹221,000 Crore and is poised to grow ~12% CAGR over the next five years.

Projected growth of Fashion & Lifestyle in India:

(INR '000 Cr)



	CAGR
('15-'20)	
Apparel	13%
Footwear	7%
Accessories	23%

#### Key Drivers

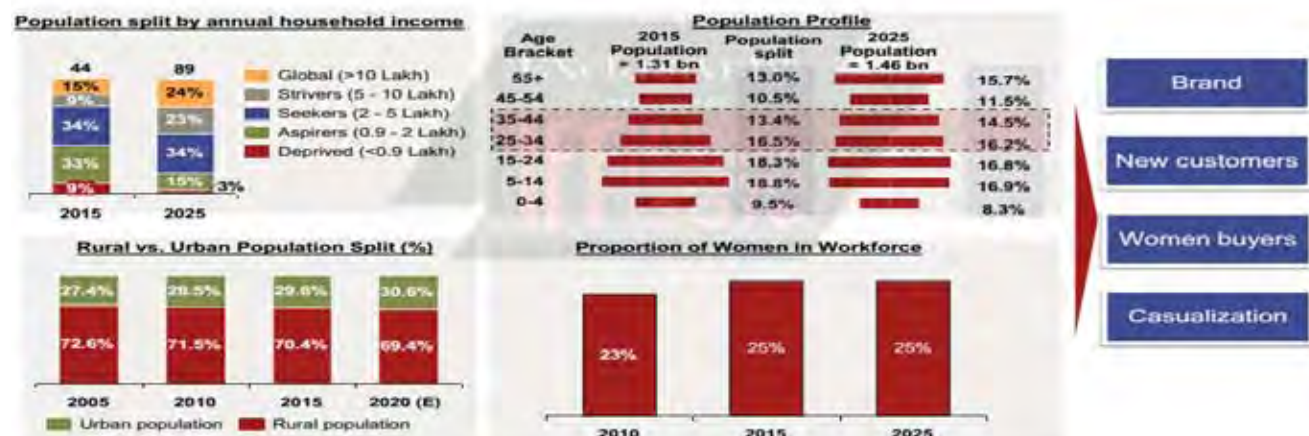
- **Changing Demographics**
  - Increase in disposable income
  - Increase in urbanization
- **Increasing Fashion Consciousness**
  - Youth/Westernization, influence of Bollywood / Hollywood
- **Premiumization**
  - Increase of international players, expansion of luxury brands
- **Internet retailing (access, impulse buys)**
  - Increase in product mix, access to tier 2,3 cities

1. Note: Of the total apparel market, approx. 40% is Fashion & Lifestyle, arrived at by excluding rural apparel spend, uniforms and sarees

2. Accessories include apparel accessories, bags, wallets, belts, fashion jewellery, time wear and eyewear

Source: A. T. Kearney report

Growing income, middle-aged population and urbanization will drive future shopping trends:



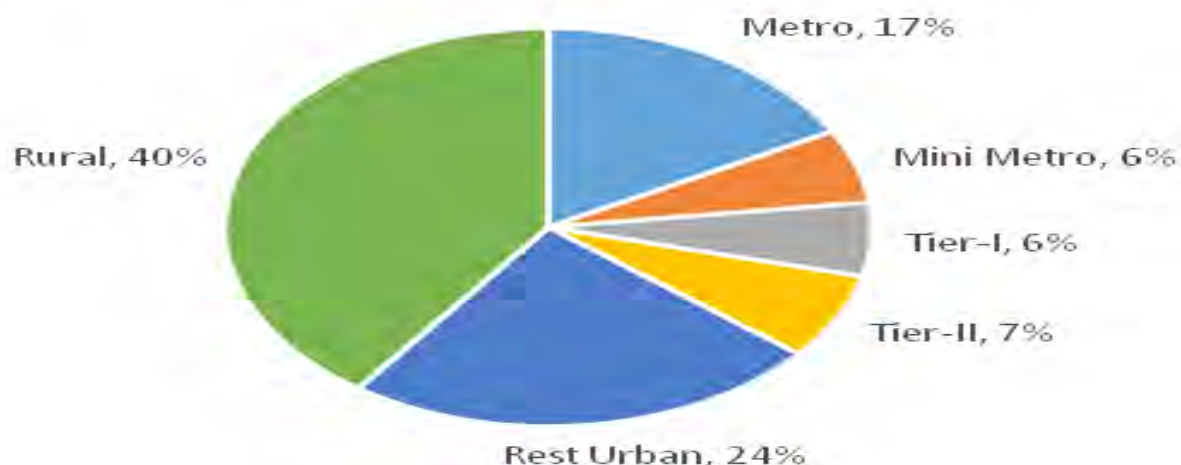
Source: World bank, news articles, Census data

### Branded Apparel Retail Market:

Apparel industry in India is an industry where there is seen a continuous deviation in consumer's choice and preference. India is covered with unorganized retail market but retail industry in India has emerged as one of the most dynamic and fast paced industries with the entry of very large corporate houses. A healthy economic growth leading to increasing disposable income, and changing consumer tastes and preferences are driving growth in the organised retail market in India. The emergence of exclusive brand outlets, multi-brand outlets, departmental stores and Cash & Carry retail formats are making it convenient for Indian consumers to explore the latest fashion trends and look fashionable. Internet has made online retailing and m-tailing the best shopping medium. The Indian branded apparel industry is estimated to be \$10 billion in size and growing at 10-12% per annum

Even as the apparel market is spread across India, there is a substantial difference in the characteristics of different markets across different regions. The demand pattern and price sensitivity of metros (Mumbai and Delhi/NCR) varies substantially from that of a smaller city or town. In recent times, the established players and brands have realised the growing need to shift their focus from metros to Tier-I and Tier-II cities to tap growth opportunities in these cities. The smaller cities are witnessing a surge in consumption of apparel in value and volume terms.

### Region-wise distribution of apparel market



Traditionally, the Indian apparel retail market has been dominated by domestic players. However, changes in previous years have paved way for a lucrative path for international brands and retailers to establish their footprint in India. Young adults across metros, Tier-I and Tier-II cities are more aspirational and experimentalist. As a result, deeply penetrated brands in the masstige segment are leading growth in the lifestyle & apparel market through the value of their offerings, in terms of price as well as additional attributes.

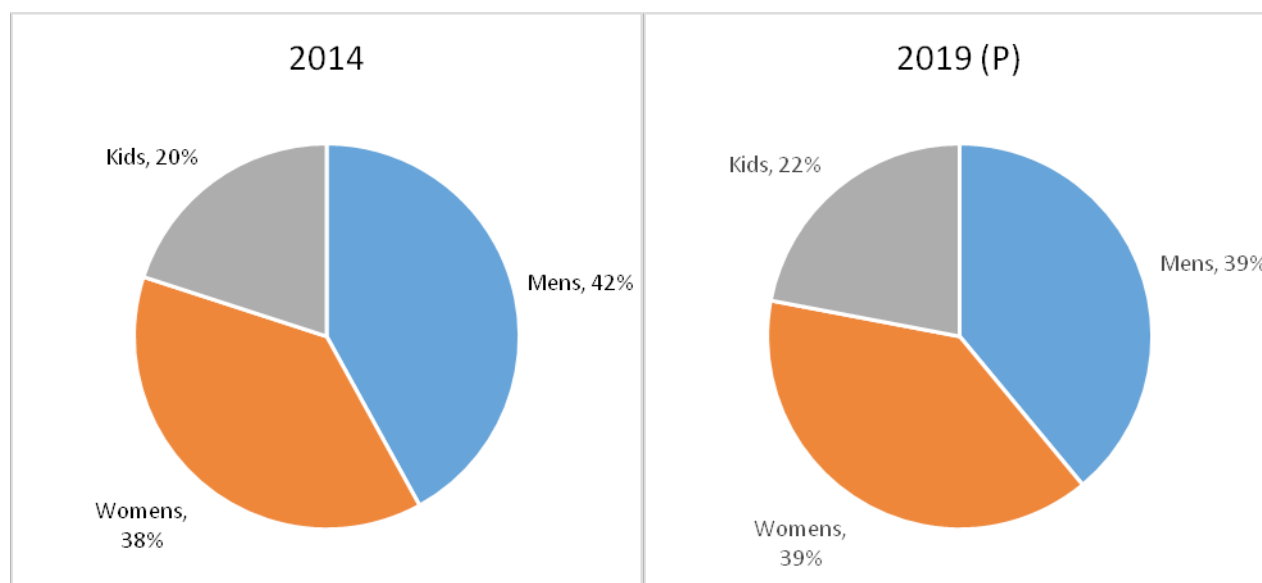
**Men's and Women's Apparel Industry:**

India men's apparel segment clocked an annual growth rate of 10% over 2010-2015 and is estimated to post 8% by 2020, growing from \$13 billion currently to \$19 billion. Rising disposable income coupled with the increasing awareness of international fashion trends have provided a strong growth to the men's apparel in the last few years. The market is dominated by popular product categories such as shirts and trousers. However, western wear categories such as denim, active wear and t-shirts are the fastest growing in the segment.

Women's wear market is worth ₹78,500 crore (USD 14.4 billion) which contributes 38% of the total apparel market of India. The growth of this market is more rapid than the menswear market. With the relatively lower penetration of brands, and the growing disposable income of modern women, this segment has become the focus of many Indian and international brands. The women's apparel segment, which clocked a 9.5% CAGR over 2010-2015, is expected to post an 8.5% CAGR by 2020. The growth in the market captures two essential preference shifts. Firstly, a shift from non-branded apparel to branded apparel, and secondly, increasing the share of western wear to ethnic wear categories.

**Kid's Wear Industry:**

In 2014, the menswear and women's wear segments contributed 42% and 38%, respectively, to the total apparel market. The contribution of kid's wear segment was 20%, which is seen increasing to 22% by 2024, owing to an increased growth rate of the kid's wear segment. The share of kid's wear to total apparel market is higher in India, compared to the other developed markets such as the US and Europe, as India consists of a higher children population ratio.



Source: Technopak Advisors

Indian kid's wear market was estimated to be of ₹50,120 Crores in 2014, and is expected to grow at a CAGR of 10.7% to touch ₹1,38,540 Crore by 2024. The market is dominated by boys wear which contributes 52% to the total kid's wear market, followed by girls wear with a 48% share. Over the next decade, the girl's wear is expected to grow at a CAGR of 11%, while boy's wear will grow at 10.4% CAGR. The preference for cotton is much higher for kid's wear products across the globe and as well as in India.

Source: Technopak Report, 2016

**E-Commerce Market:**

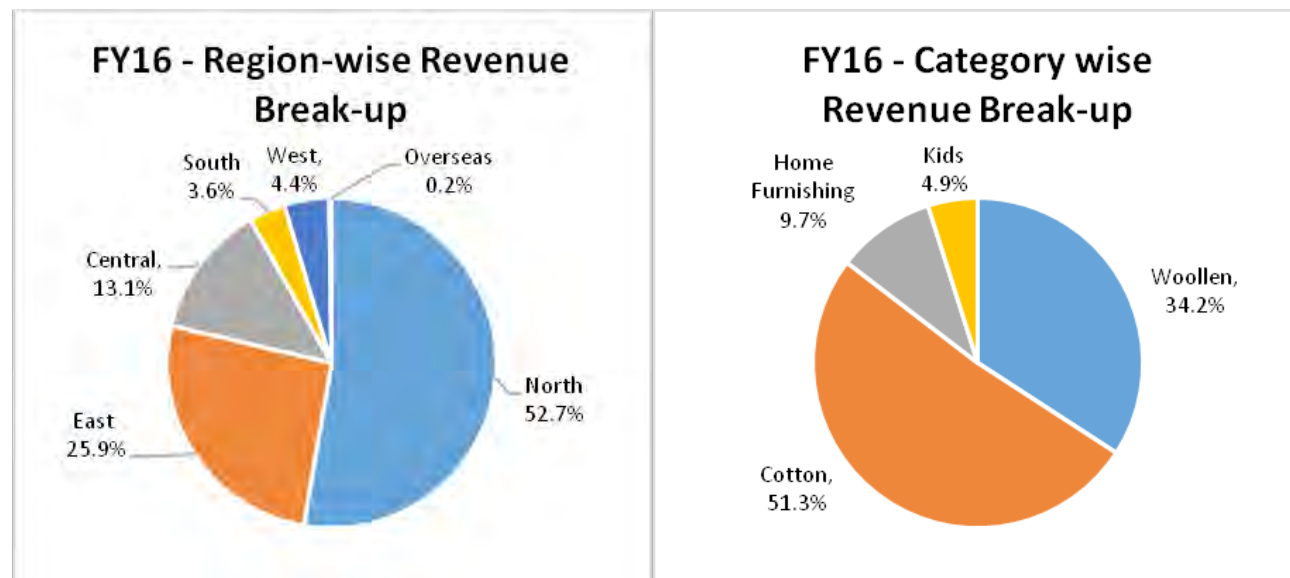
India's population has taken to online retail in a big way. Between 2005-2015, overall retail industry has grown at a CAGR of 12-13% with organised retail growing at ~22%. By 2020, ~650 million consumers will be online, of which 350-400 million consumers would be 'digitally influenced' in retail categories. The e-commerce market is expected to grow by US\$ 45-50 billion online. Online retail is expected to be on par with the physical stores in the next five years.

The drivers for buying online would not be just price but convenience, availability of a relevant, wider variety. Apart from the convenience and price, internet retailing has become one of the most sought-after channels due to the growth of smart phones in the country. India is expected to become the world's fastest growing e-commerce market, driven by robust investment in the sector and rapid increase in the number of internet users. Source: Confederation of Indian Industry

**REGION & CATEGORY WISE REVENUE OVERVIEW**

Monte Carlo Fashions Limited was initially launched as an exclusive woollen brand. The Company has well diversified

presence across different categories such as Cotton, Home Furnishing and Kids. Currently, winter wear contributes around~35% of the Company's total revenues. Historically, the Company's presence has been strong in the Northern and Eastern regions. However, we remain focused to improve our presence in the Southern and Western regions too by increasing the share of "all season" cotton product categories.



## THE WAY FORWARD

The Company's future growth strategy is a combination of three prime elements – branding & promotion to enhance brand visibility; increasing focus on cotton & cotton-blended apparel; and expansion of retail distribution network.

- There is enhanced focus on branding & promotion to further increase visibility of "Monte Carlo" brand, enabling it to grab a larger market share. We will continue to increase brand awareness and customer loyalty through our marketing efforts and planned retail expansion.
- The company is also focusing on the kid's wear under its "Twins" range launched two years back, as there is no large organised player present in the market and the price gap with the unorganised players expected to reduce with the introduction of GST.
- The 'Monte Carlo' brand has historically been associated with winter-wear for its woollen knitted apparel. This has led to a strong presence in the northern and eastern regions of India. However, over the years, the Company has successfully diversified its operations, with the cotton segment contributing more than half of its overall revenues. The focus is on increasing emphasis on cotton & cotton-blended apparels and plans to aggressively ramp up distribution and sales of a range of cotton and cotton-blended products catering to all-seasons to strengthen its pan-India operations.
- Our motive is to open 20-25 more Exclusive Brand Outlets (EBOs) by FY2017, mainly through the franchisee route and establish a truly Pan-India presence by increasing penetration in the southern and western regions of India. The Company is also focusing on tapping the rapidly growing online sales platform through its own portal as well as through strategic tie-ups with leading e-commerce portals in India.

## OPPORTUNITIES

### • Favourable Demographics

The favourable demographic profile of the country, coupled with the improving economic scenario, makes the Indian apparel market extremely attractive. This offers a sustainable long-term growth potential.

### • Increasing disposable incomes and purchasing power

India has been witnessing a continuous rise in its per capita income. With the improving economic climate, the rise in incomes is expected to continue, per capita GDP at current market price is estimated to grow from ₹0.8 lakh in FY2013 to ₹1.9 lakh by FY2020 (Source: DNB). The number of middle class households is expected to grow sharply from 35 million in 2012 to 58 million by 2020. (Source: Technopak Report, 2014).

### • Passing of GST Bill by the parliament

The Parliament has passed the GST bill which will subsume different indirect taxes like Excise Duty, Service tax, State VAT, CST etc and in its place there will be only one single tax GST. This will help in the cascading effect of various taxes on the goods and make whole of India as a single market. Also it will increase the ease of doing business in India. The



implementation of the GST is expected to result into increase in the share of organised players as it will become difficult for the unorganised sector to compete with the large organised players because of economies of scale and law abidance becoming imperative.

• ***Young population with increasing brand awareness coupled with Increasing Urbanisation***

India has a large local and youth population of 356 million which has surpassed even China (Source: UN Report). The median age of India's population is 27 years. (Source: CIA, The World Fact book). Indian consumers, especially the youth, are giving increasing preference to quality and design. This changing demand climate will help top quality brands such as Monte Carlo increase their market share significantly.

Nearly 35% of the Indian population is expected to be living in urban centres by 2017. This higher level of urbanisation will lead to consumers trying to upgrade their lifestyles, leading to increased discretionary spending, even in the apparel category (Source: Technopak Report, 2014). The share of India's discretionary spending is set to increase from 59% in 2010 to 67% in 2020. (Source: DNB)

• ***Increasing emphasis on cotton and cotton-blended apparel to tap Pan-India market***

The Company is currently focusing on promoting and expanding sales of cotton apparel aggressively. This will enable Monte Carlo to tap the entire Indian market, the share of revenues significantly from southern and western regions in the long-term by increasing the number of sale points.

• ***Increasing penetration of Organised Retail***

Penetration of organised retail is increasing at a robust pace. The contribution of organised retail is expected to further increase sharply to 40% by 2020 from ~19% contribution in 2014. Increasing penetration of organised retail, especially in tier 2 and tier 3 cities, will provide immense growth opportunities to top quality organised apparel players. (Source: Technopak Report, 2014)

• ***Diversification across various Product Categories***

Today, Monte Carlo Fashions has diversified across different product categories such as Cottons, Kids and Home Furnishing. It has a comprehensive product and brand portfolio catering to varied segments such as kids, youth, middle and senior. This is prevalent in both woollen and cotton & cotton blended apparels spread across varied price points, enabling them to service the economy and mid-premium to premium segments. The ability to tap varied segments of the market provides the Company with tremendous opportunities to grow at a brisk pace.

## THREATS

• ***Rising competition among organised players***

The size of the Indian apparel market and its inherent long-term growth potential makes it extremely attractive to branded players across the world. With the Government allowing 100% Foreign Direct Investment (FDI) in retail, several foreign brands and fashion retailers continue to enter India thereby enhancing the fashion culture and raising fashion consciousness in the country. This would lead to great deal of competition among the organised players to grab the largest share of the pie.

• ***Passing of GST Bill by the parliament***

At present the total incidence of taxes on the apparels is approx. 11-12% on account of different indirect taxes and the GST rate being proposed in the range of 18%, may result into an increase in tax burden for the company by about 6-7% which may affect the margins and revenue of the company. This is likely to impact all the apparel players. However, expected increase in the share of organised sector and the expected large volume of business may nullify the impact. Also the consumers may take it as some hidden incidence of tax not known to them earlier, that is totally eradicated from the product price with the introduction of GST.

• ***Low entry barriers***

The absence of significant entry barriers leads to an increase in the number of players, especially the unorganised players. This can escalate the degree of competition, making market penetration and sustaining of higher margins even tougher.

• ***Dependence on rainfall and climatic conditions***

Rainfall plays an important role in the apparel industry. Absence of adequate rainfall can lead to a significant decline in the availability of cotton, besides having an adverse impact on the economy, and consequently, the consumer demand. This can adversely impact the top line and margins. Shorter and less intense winters can also adversely impact sales of the woollen segment.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate internal control systems to ensure that all the assets are safeguarded and that all transactions are authorized, recorded and reported correctly. Regular internal audits and checks are carried out to ensure that the responsibilities are executed effectively and that the systems are adequate. Management continuously reviews the internal control systems and procedures to ensure the efficient conduct of business. The Audit Committee of the Board



oversees the internal controls within the organization.

**MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATION FRONT]** The Company is of firm belief that human resources are the driving force that propels a company towards progress and success and the company is committed to the development of its people. The total permanent employee's strength rose from 1,610 to 1,699 as on 31<sup>st</sup> March 2016. The Industrial relations were cordial and satisfactory.

### **FINANCIAL PERFORMANCE**

The Company has delivered an impressive financial and operating performance for the Financial Year 2015-16. The revenue from operations stood at ₹62,153.05 Lacs as compared to ₹58,257.70 Lacs in the previous year, indicating a growth of 6.70%. However, excluding the sale of raw material (Fabric & Yarn), our Adjusted Revenues have actually increased by 9.5% to ₹57,893.57 Lacs as compared to ₹52,857.15 Lacs during 2015-16. However our operational EBIDTA has remained stable with a marginal increase of 0.3% to ₹1,2332.07 Lacs as compared to ₹1,2297.33 Lacs which is not in consonance with the increase in revenues. This was mainly due to increase in Advertisement expenses which increased by 27.6% to ₹3,442.13 Lacs as compared to ₹2,697.52 Lacs. Our current strategy is to establish our Brand visibility on a Pan India basis along with increased focus on Southern & western India, therefore we believe the increase in advertising and marketing expense should be seen as an expenditure which would result in deriving benefits of enduring nature in the years to come and enhancing our Overall brand recall.

During the year, the Company has achieved an excellent growth in the sale of "Cloak & Decker" & "Tweens" the economy range and the kids range respectively launched by the Company in 2014. During the year under review the company has also introduced socks under the brand Monte Carlo and the response received is very encouraging. The Company has also expanded its sale network by increasing its number of exclusive retail outlets/ large format stores and distributors during the year.

**For and on Behalf of Board of Directors**

**Date : 09.08.2016**  
**Place : Ludhiana**

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

## Independent Auditor's Report

### To the Members of Monte Carlo Fashions Limited

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Monte Carlo Fashions Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

8. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

9. 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.
10. 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 the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. on the basis of the written representations received from the directors as on 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 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 of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 31 March 2016 as per Annexure II expresses an 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, in our opinion and to the best of our information and according to the explanations given to us:
  - i. as detailed in Note 32 (i) to the financial statements, the Company has disclosed the impact of pending litigations on its financial position;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

per **Lalit Kumar**  
 Partner  
 Membership No.: 095256  
 Place : Ludhiana  
 Date : 30 May 2016

**Annexure I to the Independent Auditor's Report of even date to the members of Monte Carlo Fashions Limited, on the financial statements for the year ended 31 March 2016**

**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 'fixed assets') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks 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, duty of customs, 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 became 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 (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
West Bengal Value Added Tax, 2003	Interest on VAT	133,503	-	2008-09	Deputy Commissioner of Commercial Taxes, Kolkata
Central Sales Tax Act, 1956	Interest on CST	16,134	-	2008-09	Deputy Commissioner of Commercial Taxes, Kolkata
West Bengal Value Added Tax, 2003	Penalty on VAT	230,998	230,998	2009-10	West Bengal Taxation Tribunal
Central Sales Tax Act, 1956	Interest on CST	122,124	-	2009-10	West Bengal, Commercial taxes Appellate & Revisional Board
Income Tax Act, 1961	Tax Deducted at Source (TDS) and Interest thereon	24,473	-	2011-12	Income Tax Officer (TDS), Ludhiana
Income Tax Act, 1961	Tax Deducted at Source (TDS) and Interest thereon	2,133,704	-	2012-13	Income Tax Officer (TDS), Ludhiana
Income Tax Act, 1961	Tax Deducted at Source (TDS) and Interest thereon	968,932	-	2013-14	Income Tax Officer (TDS), Ludhiana

- (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 moneys raised by way of 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/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 accounting standards.
- (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**

(formally Walker, Chandiok & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Lalit Kumar**

Partner

Membership No.: 095256

Place : Ludhiana

Date : 30 May 2016

**Annexure II to the Independent Auditor's Report of even date to the members of Monte Carlo Fashions Limited, on the financial statements for the year ended 31 March 2016**

**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 of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of 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 internal control over financial reporting criteria established by the Company considering the essential components of internal control 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 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.

**Auditors' 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 included 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 includes 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 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 internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Walker Chandiok & Co LLP**

(formally Walker, Chandiok & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Lalit Kumar**

Partner

Membership No.: 095256

Place : Ludhiana

Date : 30 May 2016

**Balance Sheet** as at 31st March, 2016

(All amounts in ₹ unless stated otherwise)

	Notes	As at 31 March 2016	As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	217,320,640	217,320,640
Reserves and surplus	4	4,243,273,990	3,916,430,151
		<b>4,460,594,630</b>	<b>4,133,750,791</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	292,917,430	621,917,930
Deferred tax liabilities (net)	6	-	2,605,033
Other long-term liabilities	7	127,752,683	106,021,318
		<b>420,670,113</b>	<b>730,544,281</b>
<b>Current liabilities</b>			
Short-term borrowings	8	297,525,465	391,779,993
Trade payables	9		
Payable to micro enterprises and small enterprises		37,075,495	18,374,456
Other payables		1,026,917,168	799,104,177
Other current liabilities	10	578,122,206	435,221,286
Short-term provisions	11	290,159,901	312,172,398
		<b>2,229,800,235</b>	<b>1,956,652,310</b>
<b>TOTAL</b>		<b>7,111,064,978</b>	<b>6,820,947,382</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	12		
Tangible assets		1,621,786,804	1,806,185,029
Intangible assets		10,415,176	4,770,560
Capital work-in-progress		7,201,351	9,847,691
Non-current investments	13	200,000,000	274,631,386
Deferred tax assets	6	32,150,202	-
Long-term loans and advances	14	52,690,908	56,773,787
Other non-current assets	15	250,100,000	100,000
		<b>2,174,344,441</b>	<b>2,152,308,453</b>
<b>Current assets</b>			
Current investments	16	299,631,386	205,000,000
Inventories	17	2,217,605,126	1,840,347,118
Trade receivables	18	1,517,154,665	1,200,825,960
Cash and bank balances	19	708,177,614	1,178,481,354
Short-term loans and advances	20	175,983,908	181,906,332
Other current assets	21	18,167,838	62,078,165
		<b>4,936,720,537</b>	<b>4,668,638,929</b>
<b>TOTAL</b>		<b>7,111,064,978</b>	<b>6,820,947,382</b>

**Notes 1 to 41 form 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**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants

per **Lalit Kumar**  
Partner

Place : Ludhiana  
Date : 30 May 2016

For **Monte Carlo Fashions Limited**

**Jawahar Lal Oswal**  
(Chairman and Managing Director)  
(DIN : 00463866)

**Raman Kumar**  
(Chief Finance Officer)  
Place : Ludhiana  
Date : 30 May 2016

**Sandeep Jain**  
(Executive Director)  
(DIN : 00565760)

**Sahil Jain**  
(Company Secretary)  
(Membership No. A27837)



## Statement of Profit and Loss for the year ended 31 March 2016

(All amounts in ₹ unless stated otherwise)

	Notes	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Revenue</b>			
Revenue from operations	22	6,215,305,433	5,825,769,465
Other income	23	139,096,819	189,532,458
<b>Total revenue</b>		<b>6,354,402,252</b>	<b>6,015,301,923</b>
<b>Expenses</b>			
Cost of materials consumed	24	1,323,892,161	1,490,036,801
Purchases of stock in trade	25	2,096,288,472	1,892,445,710
Changes in inventories of finished goods, work-in-process and traded goods	26	(302,204,823)	(459,960,098)
Employee benefit expenses	27	463,767,183	418,791,499
Finance costs	28	162,406,247	170,776,768
Depreciation and amortisation	29	292,709,986	334,033,839
Other expenses	30	1,408,616,593	1,248,624,680
Prior period items	31	(8,261,562)	6,096,566
<b>Total expenses</b>		<b>5,437,214,257</b>	<b>5,100,845,765</b>
<b>Profit before corporate social responsibility expenses and tax</b>		<b>917,187,995</b>	<b>914,456,158</b>
Corporate social responsibility expenses	40	16,163,846	-
<b>Profit before tax</b>		<b>901,024,149</b>	<b>914,456,158</b>
<b>Tax expense</b>			
Current tax		343,278,434	347,982,262
Current tax - earlier years		3,116,951	-
Deferred tax		(26,164,996)	(31,219,974)
Deferred tax - earlier years		(8,590,239)	-
<b>Profit for the year</b>		<b>589,383,999</b>	<b>597,693,870</b>
<b>Earnings per equity share</b>	37		
Basic and Diluted		27.12	27.50

**Notes 1 to 41 form 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**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants

**For Monte Carlo Fashions Limited**

**Jawahar Lal Oswal**  
(Chairman and Managing Director)  
(DIN : 00463866)

**Sandeep Jain**  
(Executive Director)  
(DIN : 00565760)

per **Lalit Kumar**  
Partner

**Raman Kumar**  
(Chief Finance Officer)  
Place : Ludhiana  
Date : 30 May 2016

**Sahil Jain**  
(Company Secretary)  
(Membership No. A27837)

Place : Ludhiana  
Date : 30 May 2016

# Cash Flow Statement for the year ended 31 March, 2016

(All amounts in ₹ unless stated otherwise)

	For the year ended 31 March 2016		For the year ended 31 March 2015	
<b>A. Cash flow from operating activities</b>				
Profit before tax		901,024,149		914,456,158
<b>Adjustments for:</b>				
Depreciation and amortisation	292,709,986		334,033,839	
Profit on sale of fixed assets (net)	(276,428)		(397,605)	
Provisions no longer required, written back	(2,041,939)		(1,071,794)	
Unclaimed balances written back	(4,023,749)		(5,810,790)	
Interest income	(108,578,639)		(161,560,395)	
Interest on income-tax refund	-		(5,411,420)	
Finance cost	162,406,247		170,776,768	
Profit on sale of investment (net)	(21,405,297)		(8,457,314)	
		318,790,181		322,101,289
<b>Operating profit before working capital changes</b>		1,219,814,330		1,236,557,447
<b>Adjustments for:</b>				
Increase in other long-term liabilities	21,731,365		16,017,686	
Increase/(decrease) in trade payables	250,537,779		(17,483,668)	
Increase in other current liabilities	23,154,660		12,931,610	
Decrease in short-term provisions	(49,010,983)		(395,798)	
Increase in long-term loans and advances	(9,939,226)		(8,025,391)	
Increase in inventories	(377,258,009)		(441,859,824)	
Increase in trade receivables	(316,328,705)		(314,286,983)	
Decrease/(increase) in short-term loans and advances	5,922,422		(10,122,836)	
		(451,190,697)		(763,225,204)
<b>Cash generated from operations</b>		768,623,633		473,332,243
Income taxes paid (including taxes deducted at source)		(320,375,194)		(238,874,664)
<b>Net cash generated from operating activities</b>		448,248,439		234,457,579
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets (including capital advances and creditors for capital goods)		(109,357,708)		(422,428,752)
Purchase of non-current investments		(20,000,000)		(50,000,000)
Purchase of current investments		(70,000,000)		(15,000,000)
Sale of current investments		91,405,297		93,825,928
Bank balances not considered as cash and cash equivalents				
-Placed		(950,000,000)		(720,000,000)
-Matured		1,170,000,000		810,000,000
Interest received		152,488,966		127,059,087
Proceeds from sale of fixed assets		1,840,651		1,188,365
<b>Net cash generated from/(used in) investing activities</b>		266,377,206		(175,355,372)

## Cash Flow Statement contd...

	For the year ended 31 March 2016		For the year ended 31 March 2015	
<b>C. Cash flow from financing activities</b>				
Proceeds from long-term borrowings		-		232,621,400
Repayment of long-term borrowings		(208,249,851)		(287,531,904)
Proceeds from short-term borrowings		-		162,044,306
Repayment of short-term borrowings		(94,254,528)		-
Dividend paid		(217,320,640)		-
Tax on dividend		(44,241,223)		-
Finance cost paid		(150,863,143)		(163,336,912)
<b>Net cash used in financing activities</b>		<b>(714,929,385)</b>		<b>(56,203,110)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(303,740)</b>		<b>2,899,097</b>
Cash and cash equivalents at the beginning of the year		<b>8,481,354</b>		<b>11,468,093</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>8,177,614</b>		<b>14,367,190</b>
<b>Notes:</b>				
<b>(a) Cash and cash equivalents include:</b>				
Cash in hand		<b>4,380,224</b>		2,953,173
Cheques/demand drafts in hand		-		1,290,153
Unpaid dividend account		<b>221,710</b>		-
Balance with banks		<b>3,575,680</b>		4,238,028
<b>Cash and cash equivalents</b>		<b>8,177,614</b>		<b>8,481,354</b>
<b>Other bank balances</b>				
- Deposits with maturity more than three months but less than twelve months (pledged with banks)		<b>700,000,000</b>		1,170,000,000
<b>Cash and bank balances</b>		<b>708,177,614</b>		<b>1,178,481,354</b>

(b) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 (AS-3) on "Cash flow statements" as specified under section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

**Notes 1 to 41 form 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**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants

per **Lalit Kumar**  
Partner

Place : Ludhiana  
Date : 30 May 2016

**For Monte Carlo Fashions Limited**

**Jawahar Lal Oswal**  
(Chairman and Managing Director)  
(DIN : 00463866)

**Raman Kumar**  
(Chief Finance Officer)  
Place : Ludhiana  
Date : 30 May 2016

**Sandeep Jain**  
(Executive Director)  
(DIN : 00565760)

**Sahil Jain**  
(Company Secretary)  
(Membership No. A27837)

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016**

**1. Background and nature of operations**

Monte Carlo Fashions Limited (the Company) is a public company incorporated under the provisions of the Companies Act, 1956 on 1 July 2008. The company is engaged in manufacturing of designer woollen/cotton readymade apparels under its brand "MONTE CARLO" which has also been recognised as a "SUPERBRAND".

**2. Significant accounting policies**

**a) Basis of preparation**

These financial statements have been prepared under the historical cost convention on a going concern basis, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). Indian GAAP comprises mandatory accounting standards as specified under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and other accounting pronouncements of The Institute of Chartered Accountants of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the 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/ non-current classification of its assets and liabilities.

**b) Use of estimates**

In preparing the Company's financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future years.

**c) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**Sales**

- i. Revenue from sale of goods is recognized when all the significant risks and rewards of ownership are transferred to the buyer and the Company retains no effective control of the goods transferred to a degree usually associated with ownership; and
- ii. No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

**Interest**

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

**Benefit under duty drawback scheme**

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

**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.

**d) Employee benefits**

**Short term employee benefits**

All employee benefits payable/available within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognized in the statement of profit and loss in the period in which the employee renders the related service.

**Post-employment benefits**

**Defined contribution plan**

**Provident fund**

The company makes specified contribution towards employee provident fund to Employees Provident Fund administered by the Regional Provident Commissioner. The Company's contribution to provident fund, being a defined contribution plan, is recognized in the statement of profit and loss in the financial year to which it relates..

**Defined benefit plan**

**Gratuity**

Gratuity is a post-employment defined benefit plan. The present value of obligation for gratuity is determined based

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016**

on actuarial valuation using the Projected Unit Credit Method, less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. Gratuity fund is administered by trustee of independently constituted trust. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year in which such gains or losses arise.

**e) Fixed assets****Tangible assets**

Fixed assets are stated at historic cost less accumulated depreciation and amortization and impairment losses (if any). Cost comprises the purchase price and any attributable costs of bringing the assets to their working condition for their intended use.

**Intangible assets**

Software which is not an integral part of the related hardware is classified as an intangible asset.

**f) Depreciation and amortisation**

Pursuant to the notification of Schedule II of the Companies Act, 2013, by the Ministry of Corporate Affairs effective 01 April 2014, the management has reassessed and changed, wherever necessary the useful lives to compute depreciation, to conform to the requirements of the Companies Act, 2013. Depreciation on fixed assets for year ended 31 March, 2016 is provided on written down value method as per the rates prescribed under Schedule II of the Companies Act, 2103.

Block of asset	Useful life as per Companies Act, 2013 (in years)
Buildings	30
Plant and machinery	15
Furniture and fixture	10
Office equipment	5
Computers	3
Vehicles	8 – 10
Software	As per AS 26

**g) Investments**

Investments that are readily realizable and intended to be held for not more than one year are classified as current investments; all other investments are classified as long term investments. Long term investment is carried at cost less provision (if any) for decline in value which is other than temporary in nature. Current investments are carried at lower of cost and fair value.

**h) Inventories**

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- Raw material cost includes direct expenses and is determined on the basis of weighted average method.
- Stores and spares cost includes direct expenses and is determined on the basis of weighted average method.
- In case of work in process-at raw material cost plus conversion costs depending upon the stage of completion.
- In case of manufactured finished goods- appropriate percentage of gross margin is reduced from the sale value which approximates costs of purchase, costs of conversion and other attributable costs.
- In case of 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.

**i) Subsidy**

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all related conditions will be complied with. Government subsidy in the nature of promoter's contribution is credited to capital reserve.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

**j) Borrowing costs**

Borrowing cost which are not relatable to the qualifying asset are recognized as an expense in the period in which they are incurred. Borrowing cost on specific loans, used on acquisition or construction of fixed assets, which necessarily take a substantial period of time to be ready for their intended use, are capitalised. Other borrowing costs are recognized as an expense in the period in which they are incurred.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

**k) Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss over the lease term on a straight line basis.

**l) Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists then the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**m) Foreign currency conversion****Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**Exchange differences**

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year/period, or reported in previous financial statements, are recognized as income or as expenses in the year/period in which they arise.

**n) Accounting for taxes on income**

The tax expense comprises of current taxes and deferred taxes. Current tax is the amount of income tax determined to be payable in respect of taxable income for a period as per the provisions of Income Tax, 1961. Deferred tax is the effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are reviewed at each balance sheet date and recognized/derecognized only to the extent that there is reasonable/virtual certainty, depending on the nature of the timing differences, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**o) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year/period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year/period. The weighted average number of equity shares outstanding during the year/period is adjusted for events of bonus issue and share split.

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

**p) Provision and contingent liabilities**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where reliable estimate of the obligation cannot be made.

**q) Cash and cash equivalents**

Cash and cash equivalents comprise cash and deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016**

(All amounts in ₹ unless stated otherwise)

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount	Number of shares	Amount
<b>3 Share capital</b>				
<b>Authorised share capital</b>				
Equity shares of ₹ 10 each	25,000,000	250,000,000	25,000,000	250,000,000
	25,000,000	250,000,000	25,000,000	250,000,000
<b>Issued, subscribed and fully paid up</b>				
Equity shares of ₹ 10 each	21,732,064	217,320,640	21,732,064	217,320,640
	21,732,064	217,320,640	21,732,064	217,320,640

(a) 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.

<b>(b) Reconciliation of share capital</b>	<b>Number of shares</b>	<b>Amount</b>	<b>Number of shares</b>	<b>Amount</b>
<b>Balance at the beginning of the year</b>	<b>21,732,064</b>	<b>217,320,640</b>	<b>21,732,064</b>	<b>217,320,640</b>
Add : Issued during the year	-	-	-	-
<b>Balance at the end of the year</b>	<b>21,732,064</b>	<b>217,320,640</b>	<b>21,732,064</b>	<b>217,320,640</b>

(c) The Company does not have any holding or subsidiary company.

<b>(d) Shareholders holding more than 5% of the shares</b>	<b>Number of shares</b>	<b>% of share-holding</b>	<b>Number of shares</b>	<b>% of share-holding</b>
Equity shares of ₹ 10 each				
Sidhant & Mannat Company Limited	5,229,714	24.06	4,404,000	20.26
Simran & Shanaya Company Limited	4,404,000	20.26	4,404,000	20.26
Kanchi Investments Limited	2,376,570	10.94	2,376,570	10.94
Nahar Capital and Financial Services Limited	1,651,215	7.60	1,595,390	7.34
Nagdevi Trading and Investment Company Limited	1,185,150	5.45	1,185,150	5.45
	<b>14,846,649</b>	<b>68.32</b>	<b>13,965,110</b>	<b>64.26</b>

**(e) Details of shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and bought back during the last 5 years**

- The Company issued 8,715,000 bonus equity shares in the year 2011-2012 in the ratio of 1:1. There has been no buy-back of shares in the current year and preceding five years.
- The Company had issued 8,665,000 equity shares pursuant to demerger scheme approved by Hon'ble High Court of Punjab and Haryana during the year ended 31 March 2012.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016**

(All amounts in ₹ unless stated otherwise)

<b>4 Reserves and surplus</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
<b>Capital reserves</b>		
Balance at the beginning of the year	569	569
Balance at the end of the year	569	569
<b>Securities premium account</b>		
Balance at the beginning of the year	1,286,975,700	1,286,975,700
Balance at the end of the year	1,286,975,700	1,286,975,700
<b>Special reserve *</b>		
Balance at the beginning of the year	1,939,308,161	1,760,000,000
Add : Transfer from general reserve	176,815,200	179,308,161
Balance at the end of the year	2,116,123,361	1,939,308,161
**Pursuant to board resolution dated 21 March 2014, the Company has transferred a sum of ₹ 176,815,199 (previous year ₹ 179,308,161) 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.		
<b>General reserves</b>		
Balance at the beginning of the year	649,865,268	503,635,531
Add : Transfer from surplus in the statement of profit and loss	580,000,000	590,000,000
Less : Transfer to special reserve	176,815,200	179,308,161
Less : Adjustment on account of Schedule II of Companies Act, 2013 (refer note 12)		4,046,027
Less : Deferred tax adjustment on above	-	(1,400,249)
Less : Proposed dividend for current year *	217,320,640	217,320,640
Less : Tax on proposed dividend for current year	45,219,520	44,495,684
Balance at the end of the year	790,509,908	649,865,268
<b>Surplus in the statement of profit and loss</b>		
Balance at the beginning of the year	40,280,453	32,586,583
Add : Profit for the year	589,383,999	597,693,870
Less : Transferred to general reserve	580,000,000	590,000,000
Balance at the end of the year	49,664,452	40,280,453
	<b>4,243,273,990</b>	<b>3,916,430,151</b>

\*Board of Directors have recommended dividend @ 100% (previous year 100%) amounting to ₹ 10 per share (previous year ₹ 10 per share). The dividend recommended by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual general meeting.

	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
<b>5 Long-term borrowings</b>		
Term loans from banks (secured)	687,347,930	895,597,783
Less: Current maturities of long term borrowings (refer note 10)	394,430,500	273,679,853
	<b>292,917,430</b>	<b>621,917,930</b>

**Notes:****(a) Security for term loans:****1 Security in respect of term loan facility availed through State Bank of Patiala:****Primary Security:**

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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016**

**Collateral security:**

Second pari-passu charge on current assets of the Company (present and future) along with other working capital consortium member bank.

**2 Security in respect of term loan facility availed through State Bank of Patiala:**

**Primary security:**

Hypothecation charge on first pari-passu basis with other term lenders on all the factories plant & machinery including the proposed machines and equitable mortgage of factories land and building situated at Ludhiana.

**Personal guarantee:**

Shri. Jawahar Lal Oswal

Shri. Kamal Oswal

Shri. Dinesh Oswal

**3 Security in respect of term loan facility availed through Allahabad Bank:**

**Primary security :**

First pari-passu charge on the fixed assets of the company.

**Collateral security:**

Second pari - passu charge on the current assets of the company.

**Personal guarantee:**

Shri. Jawahar Lal Oswal

Shri. Kamal Oswal

Shri. Dinesh Oswal

**4 Security in respect of term loan facility availed through Indian Bank:**

**Primary security:**

1) Fixed assets to be acquired out of bank loan including land and building estimated at ₹ 1,338,600,000. For creation of equitable mortgage on the land to be acquired, 3 month time is permitted and pari-passu charge to be created with Term lenders as at point no. 2 below.

2) 1st charge on fixed assets of the Company both present and future on pari-passu basis with the existing term loan lenders.

**Collateral security:**

2nd pari-passu charge on current assets of the company both present and future. 1st charge being with the banks meeting working capital requirements of the Company.

**Personal guarantee:**

Shri. Jawahar Lal Oswal

Shri. Kamal Oswal

Shri. Dinesh Oswal

**(b) Terms of repayment**

Repayment terms of the loans are as follows:

- (i) Term loan from State Bank of Patiala amounting to ₹ 232,621,400 (previous year ₹ 232,621,400) [(sanctioned amount ₹ 498,500,000)] carrying interest rate of 0.65% above one year marginal cost of lending rate (MCLR), is repayable in 32 quarterly instalments of ₹ 15,578,125 each commencing from 30 June 2016 and last instalment of ₹ 15,578,125 would be due for repayment on 31 March 2024.
- (ii) Term loan from State Bank of Patiala amounting to ₹ 4,967,288 (previous year ₹ 14,903,278) repayment of which commenced from 1 April 2011 carrying interest rate of 1% over base rate, is repayable in 2 quarterly instalments first ₹ 2,484,000 and second quarterly instalment of ₹ 2,483,288 would be due for repayment on 30 September 2016.
- (iii) Term loan from Allahabad Bank amounting to ₹ Nil (previous year ₹ 2,023,863) repayment of which commenced from 1 April 2011 carrying interest rate of 1.5% over base rate, has been re-paid during the current financial year
- (iv) Term loan from Indian Bank amounting to ₹ 449,759,242 (previous year ₹ 646,049,242) repayment of which commenced from 30 September 2013 carrying interest rate of 1.5% over base rate, is repayable in 6 quarterly instalments of ₹ 65,430,000 each, last quarterly instalment of ₹ 57,179,242 would be due for repayment on 31 March 2018.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹ unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
<b>6 Deferred tax liabilities (net)</b>		
<b>Deferred tax liabilities</b>		
Timing difference on depreciation and amortisation of tangible and intangible assets	-	20,589,044
	-	20,589,044
<b>Deferred tax assets</b>		
Timing difference on depreciation and amortisation of tangible and intangible assets	4,862,824	-
Expenditure incurred under section 35D of Income-tax Act, 1961	2,661,908	5,052,768
Provision for discount	1,528,604	1,265,872
Lease rent straight lining	6,271,708	5,160,269
Provision for sales returns	7,314,284	6,505,102
Expenditure disallowed under section 43B of Income-tax Act, 1961	9,510,874	-
	32,150,202	17,984,011
<b>Deferred tax (assets)/liabilities (net)</b>	<b>(32,150,202)</b>	<b>2,605,033</b>
<b>7 Other long-term liabilities</b>		
Security deposits from customer	111,076,222	92,637,257
Deferred payment liability due to lease straight lining	16,676,461	13,384,061
	127,752,683	106,021,318
<b>8 Short-term borrowings</b>		
Working capital borrowings from banks (secured)	297,525,465	391,779,993
	297,525,465	391,779,993

**Details of rate of interest, terms of repayment and security for working capital borrowings from banks:**

Working capital borrowings from State Bank of Patiala is carrying interest rate of 0.75% over base rate.

Working capital borrowings from State Bank of India is carrying interest rate of 1.25% over base rate.

Working capital borrowings from Allahabad Bank is carrying interest rate of 0.80% over base rate.

**Terms of repayment:**

Working capital borrowings are repayable on demand.

Security in respect of working capital borrowings availed through consortium arrangement of Allahabad Bank, State Bank of Patiala 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)
- (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 Yes Bank is carrying interest rate of 0.40% over fixed deposit rate.

**Primary security:**

First pari-passu charge created on fixed deposits with Yes Bank.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹ unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
<b>9 Trade payables</b>		
Dues to micro enterprises and small enterprises [refer note (a) below]	37,075,495	18,374,456
Dues to others	1,026,917,168	799,104,177
	<b>1,063,992,663</b>	<b>817,478,633</b>
(a) (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:		
Principal amount remaining unpaid	37,075,495	18,374,456
Interest due thereon	658,089	-
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	658,089	-
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.	-	-
<b>10 Other current liabilities</b>		
Current maturities of long term borrowings	394,430,500	273,679,853
Interest accrued and due on borrowings	13,388,048	1,844,944
Statutory dues	49,794,446	26,804,801
Employee related payables	48,211,207	41,081,626
Deferred payment liability due to lease straight lining	1,445,674	1,526,564
Due to directors	2,807,858	4,099,133
Other payables		
Creditors for capital goods	4,982,331	15,487,883
Advance from customers	45,836,178	44,230,786
Security deposits from customers	16,845,000	24,100,000
Book overdraft	43,930	-
Others	337,034	2,365,696
	<b>578,122,206</b>	<b>435,221,286</b>
<b>11 Short-term provisions</b>		
Provision for gratuity [refer note (a) below]	-	-
Provision for wealth tax	-	67,900
Provision for discount [refer note (b) below]	4,416,906	3,657,745
Proposed dividend	217,320,640	217,320,640
Tax on proposed dividend	45,473,981	44,495,684
Provision for income tax [net of advance tax of ₹ 909,035,984 (previous year ₹583,288,701)]	1,813,712	27,833,902
Provision for sales returns [refer note (c) below]	21,134,662	18,796,527
	<b>290,159,901</b>	<b>312,172,398</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016**

(All amounts in ₹ unless stated otherwise)

- (a) The following table set out the status of the plan for gratuity as required under Accounting Standard (AS) - 15 (R) - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	As at 31 March 2016	As at 31 March 2015
<b>Change in projected benefit obligation</b>		
Projected benefit obligation at the beginning of the year	51,123,736	45,055,957
Current service cost	7,323,064	6,317,798
Past adjustment	6,770,342	-
Interest cost	4,631,527	4,085,407
Actuarial (gain)/loss on obligations	465,454	(3,443,926)
Benefits paid	(7,406,897)	(891,500)
Projected benefit obligation at the end of the year	62,907,226	51,123,736
<b>Changes in the fair value of plan assets</b>		
Opening fair value of plan assets	67,831,300	48,376,035
Past adjustment	625,085	-
Expected return on plan assets	5,469,197	4,194,310
Contributions	1,260,676	16,152,455
Benefits paid	(7,406,897)	(891,500)
Closing fair value of plan assets	67,779,361	67,831,300
<b>Reconciliation of present value of obligation on the fair value of plan assets</b>		
Present value of projected benefit obligation at the end of the year	62,907,226	51,123,736
Closing fair value of plan assets	67,779,361	67,831,300
Net assets recognized in balance sheet *	(4,872,135)	(16,707,564)
* included in short term loans and advances		
<b>Components of net gratuity costs are</b>		
Current service cost	7,323,064	6,317,798
Interest cost	4,631,527	4,085,407
Expected return on plan assets	(5,469,197)	(4,194,310)
Recognized net actuarial loss	465,454	(3,443,926)
<b>Net gratuity costs</b>	6,950,848	2,764,969
<b>Actuarial assumptions</b>		
Discount rate	8.00%	8.00%
Rate of increase in compensation levels	7.00%	7.00%
Rate of return of plan assets	8.00%	8.00%
<b>Demographic assumptions</b>		
Mortality rate	Indian assured lives mortality (2006-08) Ultimate	Indian assured lives mortality (1994-96) Ultimate
Retirement age	58	58
Withdrawal rates		
-upto 30 years	3.00%	3.00%
-upto 44 years	2.00%	2.00%
-above 44 years	1.00%	1.00%

**Notes :**

- (1) The discount rate is based on the prevailing market yield of Indian Government bonds as at the balance sheet date for the estimated terms of obligations.
- (2) The expected return is based on the expectation of the average long term rate of return on investments of the fund during the estimated terms of obligations.
- (3) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
- (4) Plan assets mainly comprise funds managed by the insurer i.e. Life insurance corporation of India
- (5) The Company makes annual contributions to the Life insurance corporation of India ('LIC') of an amount advised by the LIC.



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016**

(All amounts in ₹ unless stated otherwise)

**The disclosure for current year and previous year is as follows:**

	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Plan assets	<b>67,779,361</b>	67,831,300	48,376,035	27,042,597	25,265,851
Defined benefit obligation	<b>62,907,226</b>	51,123,736	45,055,957	34,519,195	26,645,559
Net surplus/(liability)	<b>4,872,135</b>	16,707,564	3,320,078	(7,476,598)	(1,379,708)
Experience adjustment arising on the gratuity benefits	465,454	(3,443,926)	4,807,891	3,768,778	-

	As at 31 March 2016	As at 31 March 2015
<b>(b) Reconciliation of provision for discount</b>		
Provision at the beginning of the year	<b>3,657,745</b>	7,553,687
Add : Provision recognised during the year	<b>4,416,906</b>	3,657,745
Less : Provision utilised during the year	<b>3,657,745</b>	7,553,687
<b>Provision at the end of the year</b>	<b>4,416,906</b>	3,657,745
<b>(c) Reconciliation of provision for sales returns</b>		
Provision at the beginning of the year	<b>18,796,527</b>	15,264,060
Add : Provision recognised during the year	<b>21,134,662</b>	18,796,527
Less : Provision utilised during the year	<b>18,796,527</b>	15,264,060
<b>Provision at the end of the year</b>	<b>21,134,662</b>	18,796,527

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹ unless stated otherwise)

## 12 Fixed assets

For the year ended 31 March 2016

Particulars	Gross block			Accumulated depreciation and amortisation					Net block		
	As at 1 April 2015	Additions during the year	Sales / adjust- ment during the year	As at 31 March 2016	As at 1 April 2015	For the year	Sales / Adjust- ment during the year	Adjustment from opening reserve	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
<b>Tangible assets</b>											
Freehold land	198,240,552	49,250	-	198,289,802	-	-	-	-	-	198,289,802	198,240,552
Leasehold land	-	1,779,546	-	1,779,546	-	-	-	-	-	1,779,546	-
Buildings	1,026,887,108	17,009,861	214,921	1,043,682,048	126,485,622	80,576,786	204,825	(65,820)	206,791,763	836,890,285	900,401,486
Plant and equipment	1,528,219,660	72,725,041	633,470	1,600,311,231	882,908,664	188,447,135	298,311	(2,343,344)	1,068,714,144	531,597,087	645,310,996
Office equipments	36,657,068	3,686,723	153,670	40,190,121	22,989,836	7,727,575	109,866	(1,604,261)	29,003,284	11,186,837	13,667,232
Furniture and fixture	57,343,909	6,334,006	6,246	63,671,669	24,895,298	9,314,014	6,246	(21,495)	34,181,571	29,490,098	32,448,611
Vehicles	33,123,342	2,837,365	2,868,945	33,091,762	17,007,190	5,227,999	1,693,781	(2,795)	20,538,613	12,553,149	16,116,152
<b>Sub Total</b>	<b>2,880,471,639</b>	<b>104,421,792</b>	<b>3,877,252</b>	<b>2,981,016,179</b>	<b>1,074,286,609</b>	<b>291,293,509</b>	<b>2,313,029</b>	<b>(4,037,715)</b>	<b>1,359,229,375</b>	<b>1,621,786,804</b>	<b>1,806,185,029</b>
<b>Intangible assets</b>											
Computer software	5,430,520	7,061,093	-	12,491,613	659,960	1,416,477	-	-	2,076,437	10,415,176	4,770,560
<b>Sub Total</b>	<b>5,430,520</b>	<b>7,061,093</b>	<b>-</b>	<b>12,491,613</b>	<b>659,960</b>	<b>1,416,477</b>	<b>-</b>	<b>-</b>	<b>2,076,437</b>	<b>10,415,176</b>	<b>4,770,560</b>
<b>Total</b>	<b>2,885,902,159</b>	<b>111,482,885</b>	<b>3,877,252</b>	<b>2,993,507,792</b>	<b>1,074,946,569</b>	<b>292,709,986</b>	<b>2,313,029</b>	<b>(4,037,715)</b>	<b>1,361,305,812</b>	<b>1,632,201,980</b>	<b>1,810,955,589</b>
<b>As at 31 March 2015</b>											
Particulars	Gross block			Accumulated depreciation and amortisation					Net block		
	As at 1 April 2014	Additions during the year	Sales / adjust- ment during the year	As at 31 March 2015	As at 1 April 2014	For the year	Sales / Adjust- ment during the year	Adjustment from opening reserve	As at 31 March 2015	As at 31 March 2014	
<b>Tangible assets</b>											
Freehold land	155,493,552	42,747,000	-	198,240,552	-	-	-	-	-	198,240,552	155,493,552
Buildings	766,061,160	260,908,078	82,130	1,026,887,108	55,928,266	70,519,576	28,040	65,820	126,485,622	900,401,486	710,132,894
Plant and equipment	1,401,409,931	129,808,429	2,998,700	1,528,219,660	645,692,324	237,173,192	2,302,881	2,346,029	882,908,664	645,310,996	755,717,607
Office equipments	26,720,150	10,141,405	204,487	36,657,068	9,645,729	11,902,766	166,604	1,607,945	22,989,836	13,667,232	17,074,421
Furniture and fixture	32,650,295	24,794,796	101,182	57,343,909	17,519,905	7,450,171	98,216	23,438	24,895,298	32,448,611	15,130,390
Vehicles	28,634,597	4,488,745	-	33,123,342	10,368,292	6,636,103	-	2,795	17,007,190	16,116,152	18,266,306
<b>Sub Total</b>	<b>2,410,969,684</b>	<b>472,888,454</b>	<b>3,386,500</b>	<b>2,880,471,639</b>	<b>739,154,515</b>	<b>333,681,807</b>	<b>2,595,741</b>	<b>4,046,027</b>	<b>1,074,286,609</b>	<b>1,806,185,029</b>	<b>1,671,815,169</b>
<b>Intangible assets</b>											
Computer software	1,453,343	3,977,177	-	5,430,520	307,928	352,032	-	-	659,960	4,770,560	1,145,415
<b>Sub Total</b>	<b>1,453,343</b>	<b>3,977,177</b>	<b>-</b>	<b>5,430,520</b>	<b>307,928</b>	<b>352,032</b>	<b>-</b>	<b>-</b>	<b>659,960</b>	<b>4,770,560</b>	<b>1,145,415</b>
<b>Total</b>	<b>2,412,423,027</b>	<b>476,865,631</b>	<b>3,386,500</b>	<b>2,885,902,159</b>	<b>739,462,444</b>	<b>334,033,839</b>	<b>2,595,741</b>	<b>4,046,027</b>	<b>1,074,946,569</b>	<b>1,810,955,589</b>	<b>1,672,960,584</b>
<b>Capital work-in-progress:</b>											
Building under construction									31 March 2016		As at 31 March 2015
									3,896,076		8,502,334
Machinery pending for capitalisation									3,305,275		1,345,357
									7,201,351		9,847,691

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹ unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
<b>13 Non-current investments</b>		
<b>Investments in mutual funds (at cost, quoted)</b>		
Birla Sun Life Fixed Term Plan - Series JX (1530 Days), 2,000,000 units (Previous year 2,000,000) of ₹ 10 each.	20,000,000	20,000,000
HDFC FMP 478D January 2014(1) Series 29-Direct-Growth, 3,000,000 (Previous year Nil) of ₹ 10 each.	30,000,000	-
SBI Debt Fund Series A1 15 Months -Direct - Growth, 1,500,000 units (Previous year 1,500,000 units) of ₹ 10 each.	15,000,000	15,000,000
Kotak FMP Series 171 Direct - Growth 2,000,000 units (Previous year 2,000,000) of ₹ 10 each.	20,000,000	20,000,000
SBI Debt Fund Series A2 15 Months -Direct - Growth, 2,000,000 (Previous year Nil) of ₹ 10 each.	20,000,000	-
Birla Sun Life Fixed Term Plan - Series JY (1099 Days), Nil (Previous year 1,000,000) of ₹ 10 each.	-	10,000,000
"HDFC FMP 370D August 2013(3) Series 27-Direct-Growth, Nil (Previous year 2,000,000) of ₹ 10 each."	-	20,000,000
L&T FMP VII (July1189D A) Direct Plan - Growth, Nil (Previous year 1,000,000) of ₹ 10 each.	-	10,000,000
SBI Debt Fund Series 366 Days 52 -Direct Plan - Growth, Nil (Previous year 1,500,000) of ₹ 10 each.	-	15,000,000
IDFC Fixed Term Plan Series 65 Direct Plan - Growth, Nil (Previous year 2,963,139) of ₹ 10 each.	-	29,631,386
IDFC Fixed Term Plan Series 27 Direct Plan - Growth, Nil (Previous year 3,000,000) of ₹ 10 each.	-	30,000,000
ICICI Prudential FMP Series 76 - 1155 Days Plan K Direct Plan Cumulative, 2,000,000 units (Previous year 2,000,000) of ₹ 10 each.	20,000,000	20,000,000
ICICI Prudential FMP Series 72 370 Days Plan G Direct Plan Cumulative, Nil (Previous year 2,000,000) of ₹ 10 each.	-	20,000,000
ICICI Prudential FMP Series 72 366 Days Plan K Direct Plan Cumulative, Nil (Previous year 2,000,000) of ₹ 10 each.	-	20,000,000
HDFC FMP 370D April 2014(1) Series 31-Direct-Growth, 1,000,000 units (Previous year 1,000,000 units) of ₹ 10 each.	10,000,000	10,000,000
SBI Debt Fund Series -B-34(1131 Days)-Direct Growth 2,000,00.000 Unit (Previous year Nil) of ₹ 10 each	20,000,000	-
DSP Blackrock FMP Series 144-12M - Dir - Growth, Nil (Previous year 1,000,000) of ₹ 10 each.	-	10,000,000
Axis Fixed Term Plan - Series 49 (437) Days Direct Growth, 2,500,000 units (Previous year 2,500,000) of ₹ 10 each.	25,000,000	25,000,000
L&T FMP Series 10 - Plan H - Direct Growth, 2,000,000 units (Previous year Nil) of ₹ 10 each.	20,000,000	-
	200,000,000	274,631,386
Aggregate amount of quoted investments	200,000,000	274,631,386
(Market value ₹ 232,674,400 (previous year ₹ 305,079,268))		

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹ unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
<b>14 Long-term loans and advances (unsecured considered good, unless otherwise stated)</b>		
Security deposits	41,574,095	31,634,869
Capital advances	11,116,813	25,138,918
	<b>52,690,908</b>	<b>56,773,787</b>
<b>15 Other non-current assets</b>		
Non-current bank balances (refer note 19)	250,100,000	100,000
	<b>250,100,000</b>	<b>100,000</b>
<b>16 Current investments</b>		
<b>Non trade investments (at lower of cost and fair value, quoted)</b>		
Investments in mutual funds		
IDFC Fixed Term Plan Series 65 Direct Plan - Growth, 2,963,139 units (Previous year Nil) of ₹ 10 each.	29,631,386	-
ICICI Prudential FMP Series 72 370 Days Plan G Direct Plan Cumulative, 2,000,000 units (Previous year Nil) of ₹ 10 each.	20,000,000	-
ICICI Prudential FMP Series 72 366 Days Plan K Direct Plan Cumulative, 2,000,000 units (Previous year Nil) of ₹ 10 each.	20,000,000	-
Birla Sun Life Fixed Term Plan - Series JY (1099 Days), 1,000,000 units (Previous year Nil) of ₹ 10 each.	10,000,000	-
L&T FMP Series 10-Plan H - Direct Growth, Nil (Previous year 2,000,000) of ₹ 10 each.	-	20,000,000
SBI Debt Fund Series A2 15 Months -Direct - Growth, Nil (Previous year 2,000,000) of ₹ 10 each.	-	20,000,000
IDFC Fixed Term Plan Series 62 Direct Plan - Growth, 1,000,000 units (Previous year 1,000,000) of ₹ 10 each.	10,000,000	10,000,000
DSP Blackrock FMP Series 144- 12M - Dir - Growth, 1,000,000 (Previous year Nil) of ₹ 10 each.	10,000,000	-
HDFC FMP 478D January 2014(1) Series 29 - Direct - Growth, Nil (Previous year 3,000,000 units) of ₹ 10 each.	-	30,000,000
Templeton India Income Opportunities Fund - Growth, Nil (Previous year 1,527,767 units) of ₹ 13.091 each	-	20,000,000
Templeton India Income Opportunities Fund - Growth, Nil (Previous year 1,528,234 units) of ₹ 13.087 each	-	20,000,000
L&T FMP VII (July1189D A) Direct Plan - Growth, 1,000,000 units (Previous year Nil) of ₹ 10 each.	10,000,000	-
"IDFC corporate Bond Fund Direct Plan- Growth, 1,987,992.525 units (Previous year Nil) of ₹ 10.06 each"	20,000,000	-
IDFC Super Saver Income Fund-Medium Term Plan-growth (Direct Growth) 774,296.455 units (Previous year Nil) of ₹ 25.83 each	20,000,000	-
Birla Sun Life Dynamic Bond Fund-Retail-Growth-Direct Plan, 382,899.699 unit (Previous year Nil) of ₹ 26.12 each.	10,000,000	-
ICICI Prudential Income Opportunities Fund-Direct Plan-Growth, 952,294.792 unit (Previous year Nil) ₹ 21 of each.	20,000,000	-

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016**

(All amounts in ₹ unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
SBI Debt Fund Series 366 Days 52 -Direct Plan - Growth, 1,500,000 (Previous year Nil) of ₹ 10 each.	15,000,000	-
UTI Fixed Term Income Fund Series XVII-X (367 Days) - Direct Growth Plan, 2,000,000 units (Previous year 2,000,000 units) of ₹ 10 each.	20,000,000	20,000,000
UTI Fixed Term Income Fund Series XVII-XVI (367 Days)-Direct Growth Plan, 2,000,000 units (Previous year 2,000,000 units) of ₹ 10 each.	20,000,000	20,000,000
UTI Income Opportunities Fund-Growth Plan, Nil (Previous year 979,873 units) of ₹ 10.2054 each.	-	10,000,000
UTI Income Opportunities Fund-Growth Plan, Nil (Previous year 1,957,637 units) ₹ 10.2164 each.	-	20,000,000
UTI Fixed Term Income Fund Series XVII-VII (368 Days)-Direct Growth Plan, 1,500,000 units (Previous year 1,500,000) of ₹ 10 each.	15,000,000	15,000,000
IDFC Fixed Term Plan Series 27 Direct Plan-Growth, 3,000,000 units (Previous year Nil) of ₹ 10 each.	30,000,000	-
HDFC FMP 370D August 2013(3) Series 27 - Direct - Growth, 2,000,000 units (Previous year Nil) of ₹ 10 each.	20,000,000	-
	299,631,386	205,000,000
Aggregate amount of quoted investments [Market value ₹ 351,333,991 (previous year ₹ 235,488,662)]	299,631,386	205,000,000
<b>17 Inventories</b> (valued at lower of cost and net realisable value, unless otherwise stated)		
Raw materials	300,719,006	252,662,805
Work-in-process	99,783,475	89,524,364
Finished goods (including traded goods)	1,775,912,755	1,462,428,712
Stores and spares	41,189,890	35,731,237
	2,217,605,126	1,840,347,118
<b>18 Trade receivables (Unsecured)</b>		
Debts outstanding for a period exceeding six months from the date they are due for payment		
Considered good	87,019,002	57,376,680
Other debts - considered good	1,430,135,663	1,143,449,280
	1,517,154,665	1,200,825,960
<b>19 Cash and bank balances</b>		
Cash and cash equivalents		
- Cash in hand [including postal stamps in hand of ₹ 1,312 (previous year ₹ 944)]	4,380,224	2,953,173
- Unpaid dividend account [refer note (i)]	221,710	-
- Cheques/demand drafts in hand	-	1,290,153
- Balances with banks		
in current account	3,575,680	4,238,028
	8,177,614	8,481,354
Other bank balances		
- Deposits with maturity more than three months but less than twelve months [refer note (ii)]	700,000,000	1,170,000,000
- Deposits with more than twelve months maturity [refer note (iii)]	250,100,000	100,000
	958,277,614	1,178,581,354
Less : Amounts disclosed as other non-current assets (refer note 15)	250,100,000	100,000
	708,177,614	1,178,481,354

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016**

(All amounts in ₹ unless stated otherwise)

## Note:

- (i) Cash and cash equivalents include ₹ 221,710 (previous year ₹ Nil) held in dividend accounts which is not available for use by the Company.
- (ii) Deposits with maturity more than three months but less than twelve months includes ₹ 550,000,000 (previous year ₹ 500,000,000) taken from Yes Bank and ₹ 150,000,000 (previous year ₹ 670,000,000) taken from DCB Bank are pledged against overdraft facility.
- (iii) Deposits with maturity more than twelve months includes ₹ 100,000 (previous year ₹ 100,000) pledged against bank guarantees given to excise authorities and ₹ 250,000,000 (previous year ₹ Nil) taken from DCB bank are pledged against overdraft facility.

	As at 31 March 2016	As at 31 March 2015
<b>20 Short-term loans and advances</b> (Unsecured, considered good)		
Advances to suppliers	69,141,699	38,605,766
Prepaid expenses	11,603,722	32,231,577
Balances with statutory and government authorities	20,182,372	13,198,372
Security deposits	19,521,563	17,708,576
Others recoverable *	55,534,552	80,162,041
	175,983,908	181,906,332
* Includes amounts due from directors	7,568	510,105
<b>21 Other current assets</b>		
Interest accrued but not due on fixed deposits	18,167,838	62,078,165
	18,167,838	62,078,165



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016**

(All amounts in ₹ unless stated otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>22 Revenue</b>		
<b>Revenue from operations</b>		
Sale of products		
Export	14,455,968	9,606,614
Domestic	6,189,562,137	5,801,204,184
	6,204,018,105	5,810,810,798
Less: Excise duty	4,105,704	-
	6,199,912,401	5,810,810,798
<b>Other operating revenue</b>		
Export incentives	114,593	96,376
Insurance recovered from customers	12,950,944	11,858,375
Rebate and discount	2,327,495	3,003,916
	6,215,305,433	5,825,769,465
<b>Details of products sold (contributing more than 10% of the total revenue)</b>		
Raw material (Yarn)	22,108,319	25,022,726
Fabric	403,840,280	514,031,892
Garments	5,164,607,934	4,751,172,254
Textile goods	504,532,636	442,791,127
Others	108,928,936	77,792,799
	6,204,018,105	5,810,810,798
<b>23 Other income</b>		
Interest income:		
from banks	83,805,106	118,774,291
others	24,773,533	42,786,104
Exchange fluctuation	-	1,501,220
Unclaimed balances written back	4,023,749	5,810,790
Provisions no longer required, written back	2,041,939	1,071,794
Interest on income-tax refund	-	5,411,420
Profit on sale of fixed assets (net)	276,428	397,605
Profit on sale of investments (net)	21,405,297	8,457,314
Miscellaneous	2,770,767	5,321,920
	139,096,819	189,532,458
<b>24 Cost of materials consumed</b>		
Opening stock of raw materials	252,662,805	269,556,115
Add : Purchases of raw materials during the year	1,371,948,362	1,473,143,491
	1,624,611,167	1,742,699,606
Less : Closing stock of raw materials	300,719,006	252,662,805
	1,323,892,161	1,490,036,801

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016**

(All amounts in ₹ unless stated otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>(a) Details of raw materials</b>		
Woollen yarn	633,021,649	731,658,421
Cotton yarn	58,146,190	60,363,906
Other yarn	17,507,926	1,893,895
Woven fabric	225,554,978	267,300,550
Non woven fabrics	18,760,463	17,274,832
Knitted cloth	370,900,955	411,545,197
	<b>1,323,892,161</b>	<b>1,490,036,801</b>
<b>25 Purchases of stock in trade</b>		
Trading goods purchased	2,096,288,472	1,892,445,710
	<b>2,096,288,472</b>	<b>1,892,445,710</b>
<b>26 Changes in inventories of finished goods, work-in-process and traded goods</b>		
Opening stock		
- Finished goods (including traded goods)	1,462,428,712	899,890,382
- Work-in-process	89,524,364	192,102,596
	<b>1,551,953,076</b>	<b>1,091,992,978</b>
Closing stock		
- Finished goods (including traded goods)	1,775,912,755	1,462,428,712
- Work-in-process	99,783,475	89,524,364
	<b>1,875,696,230</b>	<b>1,551,953,076</b>
Impact of excise duty on opening/closing stock	21,538,331	-
	<b>(302,204,823)</b>	<b>(459,960,098)</b>
<b>27 Employee benefit expense</b>		
Salaries, wages and bonus	406,775,097	371,029,659
Contribution to provident and other funds [refer note 31]	40,451,112	33,987,854
Staff welfare expenses	16,540,974	13,773,986
	<b>463,767,183</b>	<b>418,791,499</b>
<b>28 Finance cost</b>		
Interest expenses:		
- to banks	147,575,791	156,919,568
- others	10,561,318	10,771,738
Other borrowing costs	4,269,138	3,085,462
	<b>162,406,247</b>	<b>170,776,768</b>

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹ unless stated otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>29 Depreciation and amortisation</b>		
Depreciation of tangible assets (refer note 12)	291,293,509	333,681,807
Amortisation of intangible assets (refer note 12)	1,416,477	352,032
	<b>292,709,986</b>	<b>334,033,839</b>
<b>30 Other expenses</b>		
Consumption of stores and spare parts [refer note 35(d)]	317,704,299	271,586,916
Power and fuel	69,777,510	68,365,753
Rent	113,254,806	86,533,723
Repairs to		
- building	8,469,438	8,080,573
- machinery	19,423,400	13,738,529
- others	29,176,101	33,342,030
Insurance	6,146,439	5,069,554
Legal and professional expenses [also refer note 39]	14,750,816	15,024,038
Rates and taxes	11,367,505	9,370,971
Travelling and conveyance	38,551,253	25,537,504
Processing charges	100,407,600	90,096,942
Commission on sale	114,199,713	152,635,321
Freight and forwarding charges [refer note 31]	83,280,830	71,991,667
Advertisement expenses [refer note 31]	344,212,832	269,751,637
Rebate and discount [refer note 31]	25,312,896	21,930,914
Provision for sales returns	21,134,662	18,796,527
Amounts written off	758,338	1,884,459
Exchange fluctuation (net)	442,720	-
CST/VAT reversal [refer note 31]	11,293,148	31,408,449
Communication expenses	7,649,886	5,922,310
Miscellaneous [refer note 31]	71,302,401	47,556,863
	<b>1,408,616,593</b>	<b>1,248,624,680</b>
<b>31 Prior period expenses</b>		
Contribution to provident and other funds [refer note 11(a) and 27]	5,854,653	-
Freight expenses [refer note 30]	1,644,056	-
Rebate and discount [refer note 30]	538,679	1,503,444
Advertisement expenses [refer note 30]	4,259,850	1,988,328
Miscellaneous [refer note 30]	2,651,490	2,604,794
	<b>14,948,728</b>	<b>6,096,566</b>
Less: CST/VAT reversal [refer note 30]	(19,172,575)	-
Less: Depreciation [refer note 12]	(4,037,715)	-
	<b>(8,261,562)</b>	<b>6,096,566</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016**

(All amounts in ₹ unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
<b>32 Contingent liabilities</b>		
(i) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debt		
Indirect tax litigations-As against these litigations, the Company has deposited ₹ 230,998 (previous year ₹ 230,998) under protest. The Company is contesting these claims at various levels.	<b>508,945</b>	502,759
Direct tax demand on account of tax deducted at source (TDS) defaults in previous years. The Company is contesting against such demands.	<b>3,127,109</b>	3,127,109
(b) Other money for which the Company is contingently liable	<b>3,150,000</b>	<b>3,150,000</b>
(ii) Capital commitments-Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits)	<b>3,781,325</b>	46,007,228

**33 Unhedged foreign currency exposure as at year end**

	Currency	As at 31 March 2016		As at 31 March 2015	
		(Foreign currency)	(Indian currency)	(Foreign currency)	(Indian currency)
Trade receivables	USD	<b>21,855</b>	<b>14,49,724</b>	49,481	2,998,576
Long term loans and advances	EURO	<b>12,000</b>	<b>1,116,813</b>	-	-
Short term loans and advances	USD	<b>365,405</b>	<b>25,116,036</b>	337,216	21,361,671
	EURO	<b>3,124</b>	<b>285,176</b>	247,281	17,416,137
	JPY	-	-	11,700,000	6,066,450
Trade payables	USD	<b>48,629</b>	<b>3,251,513</b>	-	-

**34 Related party disclosure**

## a) Disclosure of related parties and relationship between the parties

Nature of relationship	Name of related party
Entities in which directors of the Company are able to exercise control or have significant influence	
	Oswal Woollen Mills Limited
	Atam Vallabh Financiers Limited
	Girnar Investment Limited
	Nagdevi Trading & Investment Co. Limited
	Abhilash Growth Fund Private Limited
	Ruchika Growth Fund Private Limited
	Monica Growth Fund Private Limited
	J L Growth Fund Limited
	Nahar Growth Fund Private Limited
	Vanaik Investors Limited
	Vanaik Spinning Mills Limited
	Vardhman Investment Limited
	Palam Motels Limited
	Nahar Spinning Mills Limited
	Nahar Industrial Enterprises Limited

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016**

(All amounts in ₹ unless stated otherwise)

	Nahar Financial & Investment Limited
	Nahar Industrial Infrastructure Corporation Limited
	Nahar Capital and Financial Services Limited
	Sankheshwar Holding Co. Limited
	Oswal Leasing Limited
	Cotton County Retail Limited
	Crown Star Limited (UK)
	Nahar Poly Films Limited
	Hugs Foods (Private) Limited
	Siddhant & Mannat Company Limited
	Simran & Shanaya Company Limited
	Neha Credit & Investment Private Limited
	Retailerkart E.Venture Private Limited
	Cabot Trading and Investment Company Private Limited
	Bermuda Insurance Brokers Private Limited
	Kovalam Investment and Trading Company Limited
	Vigil Investment Private Limited
	Amloh Industries Limited
	Suvrat Trading Company Limited
Key management personnel (KMP) and their relatives	Jawahar Lal Oswal (Chairman and Managing Director)
	Sandeep Jain (Executive Director)
	Monica Oswal (Executive Director)
	Ruchika Oswal (Executive Director)
Relatives of KMP's*	Rishabh Oswal

\*With respect to the relatives of key management personnel, disclosure has been given for those relatives with whom the Company has made transactions during the year.

**b) Transactions with related parties**

	<b>For the Year ended 31 March 2016</b>	<b>For the Year ended 31 March 2015</b>
<b>Companies in which directors of the Company are able to exercise control or have significant influence</b>		
<b>Sale of goods</b>		
Nahar Spinning Mills Limited	<b>60,548,177</b>	55,802,169
Nahar Industrial Enterprises Limited	<b>881,016</b>	394,470
Cotton County Retail Limited	<b>8,979,882</b>	3,487,284
Oswal Woollen Mills Limited	<b>7,913,757</b>	7,819,048
Vanaik Spinning Mills Limited	<b>13,016,048</b>	21,298,303
Retailerkart E.Venture Private Limited	<b>16,613,897</b>	5,827,890
<b>Sales returns</b>		
Vanaik Spinning Mills Limited	-	32,900,246
Oswal Woollen Mills Limited	<b>231,283</b>	-
Nahar Spinning Mills Limited	-	310,834
Nahar Industrial Enterprises Limited	<b>459,225</b>	10,925
Cotton County Retail Limited	<b>312,626</b>	370,342
<b>Purchase of goods</b>		
Nahar Spinning Mills Limited	<b>177,356,558</b>	190,182,938
Nahar Industrial Enterprises Limited	<b>32,580,260</b>	57,842,458
Cotton County Retail Limited	<b>32,603,681</b>	56,115,006

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016**

(All amounts in ₹ unless stated otherwise)

Oswal Woollen Mills Limited	<b>598,805,349</b>	718,293,659
Vanaik Spinning Mills Limited	<b>49,835,765</b>	19,833,020
<b>Purchase of fixed assets</b>		
Oswal Woollen Mills Limited	<b>56,815</b>	680,802
Nahar Spinning Mills Limited	<b>48,000</b>	3,084,572
<b>Sale of fixed assets</b>		
Nahar Spinning Mills Limited	<b>57,375</b>	308,350
Oswal Woollen Mills Limited	<b>64,824</b>	475,000
<b>Rent paid</b>		
Nahar Spinning Mills Limited	<b>8,477,920</b>	5,898,900
Nahar Industrial Enterprises Limited	<b>4,903,164</b>	1,971,368
Oswal Woollen Mills Limited	<b>8,267,369</b>	7,832,737
<b>Processing charges paid</b>		
Cotton County Retail Limited	<b>-</b>	9,168
Nahar Spinning Mills Limited	<b>19,162,849</b>	50,027,444
Oswal Woollen Mills Limited	<b>5,724,191</b>	5,284,825
<b>Discount given</b>		
Vanaik Spinning Mills Limited	<b>-</b>	1,433,409
<b>Reimbursement of expenses paid</b>		
Nahar Industrial Enterprises Limited	<b>3,001,440</b>	2,170,596
Nahar Spinning Mills Limited	<b>4,443,190</b>	5,564,274
Oswal Woollen Mills Limited	<b>8,288,986</b>	9,109,129
Vanaik Spinning Mills Limited	<b>17,595</b>	56,921
<b>Reimbursement of expenses received</b>		
Nahar Industrial Enterprises Limited	<b>-</b>	11,400
Nahar Spinning Mills Limited	<b>6,604</b>	83,269
Oswal Woollen Mills Limited	<b>1,519,627</b>	4,687,648
Vanaik Spinning Mills Limited	<b>5,750</b>	8,200
<b>Repayment of loans with bank on behalf of Company</b>		
Oswal Woollen Mills Limited	<b>10,000,234</b>	15,545,000
<b>Payment of interest on loans with bank on behalf of Company</b>		
Oswal Woollen Mills Limited	<b>1,293,656</b>	1,223,390
<b>Year end balances</b>		
Nahar Spinning Mills Limited	<b>65,405,223</b>	50,341,825
Nahar Industrial Enterprises Limited	<b>3,928,995</b>	14,470,500
Cotton County Retail Limited	<b>12,181,305</b>	6,076,999
Oswal Woollen Mills Limited	<b>226,088,771</b>	246,412,342
Vanaik Spinning Mills Limited	<b>13,429,558</b>	13,534,637
<b>Trade receivable</b>		
Retailerkart E.Venture Private Limited	<b>23,810,697</b>	6,180,477
<b>Key management personnel (KMP)</b>		
<b>Remuneration paid</b>		
Sandeep Jain	<b>15,080,222</b>	13,417,796
Monica Oswal	<b>7,597,228</b>	7,517,073
Ruchika Oswal	<b>7,590,278</b>	7,633,666
<b>Year end balances</b>		
Due to KMP's (appearing in other current liabilities)		
Jawahar Lal Oswal	<b>105,324</b>	-
Sandeep Jain	<b>1,349,012</b>	1,848,633



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016**

(All amounts in ₹ unless stated otherwise)

Ruchika Oswal	862,256	1,203,813
Monica Oswal	491,265	1,046,687
Due from KMP's (appearing in short term loans and advances)	-	489,656
Jawahar Lal Oswal		
<b>Relative of KMP's</b>		
<b>Remuneration paid</b>		
Rishabh Oswal	962,599	244,667
<b>Year end balances</b>		
Rishabh Oswal	7,568	20,449

**35** The information required by paragraph 5 of general instructions for preparation of the statement of profit and loss as per revised schedule III of Companies Act, 2013

<b>(a) Earnings in foreign currency (accrual basis)</b>		
(i) Export value of goods on FOB basis	1,530,736	1,402,220
<b>(b) Expenditure in foreign currency (accrual basis)</b>		
Travelling and conveyance	12,206,063	7,474,231
Sampling expenses	2,555,312	2,559,863
Consultation charges	3,698,063	-
Advertisement	1,213,927	-
Others	-	388,811
<b>(c) Value of imports (calculated on C.I.F basis)</b>		
Raw materials	3,175,523	674,917
Traded goods	238,843,884	199,389,618
Capital goods	40,537,622	115,175,752
Components and spare parts	8,666,419	6,062,496
	291,223,448	321,302,783
<b>(d) Imported and indigenous consumption</b>		
Raw materials		
- Imported		
- Amount	3,175,523	674,917
- Percentage	0.24%	0.05%
- Indigenous		
- Amount	1,320,716,638	1,489,361,884
- Percentage	99.76%	99.95%
<b>- Total</b>		
<b>- Amount</b>	1,323,892,161	1,490,036,801
<b>- Percentage</b>	100.00%	100.00%
Stores and spares and packing materials		
- Imported		
- Amount	8,666,419	6,062,496
- Percentage	2.73%	2.23%
- Indigenous		
- Amount	309,037,880	265,524,420
- Percentage	97.27%	97.77%
<b>- Total</b>		
<b>- Amount</b>	317,704,299	271,586,916
<b>- Percentage</b>	100.00%	100.00%
<b>(e) Net dividend remitted in foreign exchange</b>		
Period to which it relates	2014-15	
Number of non-resident shareholders	1	
Number of equity shares held on which dividend was due	2,376,570	
Amount remitted	23,765,700	

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016**

(All amounts in ₹ unless stated otherwise)

**36** The Company is primarily engaged in the business of manufacturing/trading of textile garments. Accordingly, the entire operations of the Company are governed by the same set of risk and rewards and thus, it operates in a single primary segment. The Company is mainly operating in India which is considered to be the only reportable geographical segment. The disclosures as per the Accounting Standards (AS) 17 on Segment Reporting are not applicable to the Company.

**37 Earnings per share**

The calculation of Earning Per Share (EPS) as disclosed in the Statement of Profit and Loss has been made in accordance with Accounting Standard (AS)-20 on "Earning Per Share".

	For the year ended 31 March 2016	For the year ended 31 March 2015
Profit attributable to equity shareholders (A)	589,383,999	597,693,870
Weighted average number of equity shares (B)	21,732,064	21,732,064
Earnings per share (₹) (A/B) - Basic and Diluted	27.12	27.50
Face value per equity share (₹)	10	10

**38 Leases**

The Company has taken a number of office and factory facilities under operating leases. The lease rent expenses recognized during the year amounts to ₹ 113,254,806 (previous year ₹ 86,533,723). Expected future minimum lease payments under non-cancellable operating leases are as follows:

	For the year ended 31 March 2016	For the year ended 31 March 2015
Year ending after balance sheet date:		
Not later than one year	86,774,352	75,945,873
Later than one year but not later than five years	272,118,449	239,497,900
Later than five years	123,521,003	95,035,272

**39 Payments to auditors\***

As auditor		
Statutory audit (including reviews)	2,000,000	1,500,000
Reimbursement of expenses	226,290	129,792
	2,226,290	1,629,792

\* excludes service tax

**40** 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 to spend a sum of approx. ₹ 16,136,024 (previous year ₹ 15,162,060 approx.) towards CSR activities during the year ended 31 March 2016. The details of amount actually spent by the Company are:

	For the year ended 31 March, 2016			For the year ended 31 March, 2015		
Particulars	Amount Paid	Amount yet to be paid	Total	Amount Paid	Amount yet to be paid	Total
Environmental sustainability	1,186,334	-	1,186,334	-	-	-
Oswal Foundation	14,977,512	-	14,977,512	-	-	-
<b>Total</b>	<b>16,163,846</b>	<b>-</b>	<b>16,163,846</b>	<b>-</b>	<b>-</b>	<b>-</b>

**41** Previous year figures have been regrouped/recasted, wherever considered necessary to make them comparable with those of the current year.

For **Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants

per **Lalit Kumar**  
Partner

Place : Ludhiana  
Date : 30 May 2016

**For Monte Carlo Fashions Limited**

**Jawahar Lal Oswal**  
(Chairman and Managing Director)  
(DIN : 00463866)

**Raman Kumar**  
(Chief Finance Officer)  
Place : Ludhiana  
Date : 30 May 2016

**Sandeep Jain**  
(Executive Director)  
(DIN : 00565760)

**Sahil Jain**  
(Company Secretary)  
(Membership No. A27837)

**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

**EIGHTH (8<sup>th</sup>) 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 shareholders/proxy for the registered shareholder of the Company.

I hereby record my presence at the 8<sup>th</sup> Annual General Meeting of the Company on Tuesday, the 29<sup>th</sup> day of September, 2016 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. 19 of the Notice of 8<sup>th</sup> Annual General Meeting, carefully before voting electronically.

ELECTRONIC VOTING PARTICULARS		
EVSN (E-Voting Sequence Number)	User ID/ Folio No./ DP/Client ID	Sequence No.
160827058		

-----cut here-----

**MONTE CARLO FASHIONS LIMITED**

(CIN: L51494PB2008PLC032059)

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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:.....  
Address:.....  
E-mail ID:.....Signature:....., or failing him/her
- Name:.....  
Address:.....  
E-mail ID:.....Signature:....., or failing him/her
- Name:.....  
Address:.....  
E-mail ID:.....Signature:....., or failing him/her

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 8th Annual General Meeting of the Company, to be held on the Thursday, the 29<sup>th</sup> day of September, 2016 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*	
ORDINARY BUSINESS		For	Against
1.	To receive, consider and adopt the Audited Financial Statements for the Financial Year ended March 31, 2016 alongwith the Reports of Directors and Auditors thereon.		
2.	To declare dividend on equity shares of the Company for the Financial Year 2015-16.		
3.	To appoint Director in place of Sh. Paurush Roy (DIN: 03038347), who retires by rotation in terms of Section 152(6) and being eligible, offers himself for re-appointment.		
4.	To appoint Director in place of Sh. Sandeep Jain (DIN: 00565760), who retires by rotation in terms of Section 152(6) and being eligible, offers himself for re-appointment.		
5.	To ratify the appointment of Statutory Auditors and to fix their remuneration.		
SPECIAL BUSINESS			
6.	To approve Related Party Transactions:		
7.	To appoint Dr. Amrik Singh Sohi (DIN: 03575022) as an Independent Director of the Company		
8.	To appoint Sh. Alok Kumar Misra (DIN: 00163959) as an Independent Director of the Company		
9.	To Re-appoint Sh. Jawahar Lal Oswal (DIN: 00463866) as Chairman & Managing Director of the Company		
10.	To Re-appoint Smt. Ruchika Oswal (DIN: 00565979) as Executive Director of the Company		
11.	To Re-appoint Smt. Monica Oswal (DIN: 00566052) as Executive Director of the Company		

Signed this.....day of.....2016.

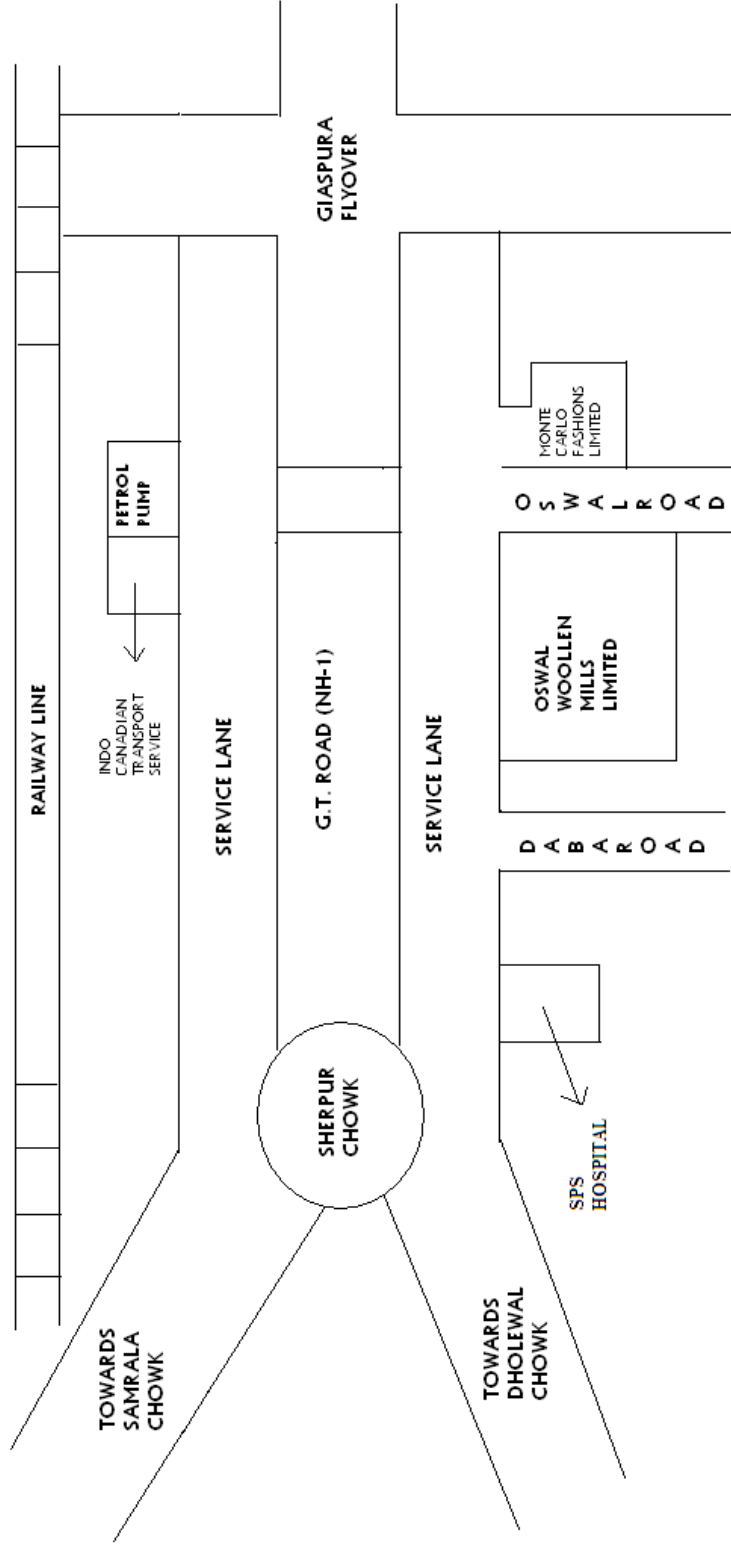
\_\_\_\_\_  
Signature of Member

\_\_\_\_\_  
Signature of Proxy holder(s)

Affix  
Revenue  
Stamp of  
Re. 1

**Notes:**

1. 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.
2. \*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.
3. Please complete all the details of the member(s) in box before submission.



NOT TO SCALE

ROUTE MAP: EIGHTH ANNUAL GENERAL MEETING (AGM)  
MONTE CARLO FASHIONS LIMITED  
B-XXIX-106, G.T. ROAD, SHERPUR, LUDHIANA-141003

[illegible]







## **MONTE CARLO FASHIONS LIMITED**

(CIN: L51494PB2008PLC032059)

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