

12<sup>th</sup> Annual Report  
2019-20



**MONTE CARLO**   
It's the way you make me feel



## MONTE CARLO FASHIONS LIMITED

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

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

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

<p><b>CHIEF FINANCIAL OFFICER</b> Sh. Raj Kapoor Sharma</p> <p><b>COMPANY SECRETARY</b> Sh. Ankur Gauba</p> <p><b>STATUTORY AUDITORS</b> Walker, Chandio &amp; Co. LLP Chartered Accountants B-406 A, 4<sup>th</sup> Floor, L &amp; T Elante Office Industrial Area, Phase I, Chandigarh-160002</p> <p><b>SECRETARIAL AUDITORS</b> P. S. Dua &amp; Associates, Company Secretaries 5 SF, Sant Isher Nagar, Pakhowal Road, Ludhiana - 141 002, Punjab</p>	<p><b>REGISTRAR &amp; SHARE TRANSFER AGENT</b> Link Intime India Private Limited Registered Office: C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083</p> <p><b>BANKERS</b> State Bank of India Federal Bank Limited</p> <p><b>WORKS</b> B-XXIX-106, G.T. Road, Sherpur-Ludhiana 231, Industrial Area-A-Ludhiana Plot No-425 &amp; 427, Near Textile Colony - Ludhiana G.T. Road, Millerganj - Ludhiana</p>
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<p><b>12<sup>th</sup> ANNUAL GENERAL MEETING</b></p> <p><b>DAY</b> : Monday</p> <p><b>DATE</b> : 28<sup>th</sup> September, 2020</p> <p><b>TIME</b> : 11.00 A.M.</p>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 5px;"><b><u>CONTENTS</u></b></th> <th style="text-align: right; padding: 5px;"><b><u>PAGE NO.</u></b></th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">Notice</td> <td style="text-align: right; padding: 5px;">2</td> </tr> <tr> <td style="padding: 5px;">Director's Report</td> <td style="text-align: right; padding: 5px;">10</td> </tr> <tr> <td style="padding: 5px;">Corporate Governance Report</td> <td style="text-align: right; padding: 5px;">26</td> </tr> <tr> <td style="padding: 5px;">Management Discussion and Analysis Report</td> <td style="text-align: right; padding: 5px;">46</td> </tr> <tr> <td style="padding: 5px;">Business Responsibility Report</td> <td style="text-align: right; padding: 5px;">52</td> </tr> <tr> <td style="padding: 5px;">Independent Auditor's Report</td> <td style="text-align: right; padding: 5px;">60</td> </tr> <tr> <td style="padding: 5px;">Balance Sheet</td> <td style="text-align: right; padding: 5px;">68</td> </tr> <tr> <td style="padding: 5px;">Statement of Profit &amp; Loss</td> <td style="text-align: right; padding: 5px;">70</td> </tr> <tr> <td style="padding: 5px;">Cash Flow Statement</td> <td style="text-align: right; padding: 5px;">71</td> </tr> <tr> <td style="padding: 5px;">Statement of Changes in Equity</td> <td style="text-align: right; padding: 5px;">73</td> </tr> <tr> <td style="padding: 5px;">Significant Accounting Policies and Notes</td> <td style="text-align: right; padding: 5px;">74</td> </tr> </tbody> </table>	<b><u>CONTENTS</u></b>	<b><u>PAGE NO.</u></b>	Notice	2	Director's Report	10	Corporate Governance Report	26	Management Discussion and Analysis Report	46	Business Responsibility Report	52	Independent Auditor's Report	60	Balance Sheet	68	Statement of Profit & Loss	70	Cash Flow Statement	71	Statement of Changes in Equity	73	Significant Accounting Policies and Notes	74
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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](http://www.montecarlocorporate.com), E-mail: [investor@montecarlocorporate.com](mailto:investor@montecarlocorporate.com)

**NOTICE**

**Notice is hereby given that the Twelfth Annual General Meeting (“AGM”) of the Members of MONTE CARLO FASHIONS LIMITED will be held on Monday, September 28, 2020 at 11:00 A.M. through electronic mode [video conference (“VC”) or other audio visual means (“OAVM”)] to transact the following business:**

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements for the Financial Year ended March 31, 2020 along with the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares of the Company for the Financial Year 2019-20.
3. To appoint a Director in place of Smt. Ruchika Oswal (DIN: 00565979), who retires by rotation in terms of Section 152(6) of Companies Act, 2013 and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Smt. Monica Oswal (DIN: 00566052), who retires by rotation in terms of Section 152(6) of Companies Act, 2013 and being eligible, offers herself for re-appointment.
5. To appoint 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, 142 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s Walker Chandio & Co. LLP, Chartered Accountants (Firm Registration No. 001076N/ N500013), be and are hereby re-appointed as Statutory Auditors of the Company to hold office for term of 2 (two) consecutive years commencing from conclusion of 12<sup>th</sup> (Twelfth) Annual General Meeting till the conclusion of 14<sup>th</sup> (Fourteenth) Annual General Meeting of the Company to be held in the year 2022, at a remuneration of ₹ 32,00,000/- (Rupees Thirty Two Lakhs only) to conduct the audit for the financial year 2020-21, payable in one or more installments and reimbursement of expenses plus goods and services tax as applicable and reimbursement of out-of-pocket expenses incurred.”

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

**Ankur Gauba  
(Company Secretary)  
ICSI Membership No. FCS 10577**

**Date : 07.08.2020**

**Place: Ludhiana**

**NOTES:**

1. Considering the extra-ordinary circumstances caused by COVID-19 and in light of the social distancing norms, the Ministry of Corporate Affairs ("MCA") has vide its circulars dated April 8, 2020, April 13, 2020 and May 5, 2020 ("MCA Circulars") permitted the holding of the Annual General Meeting of a company through VC / OAVM without the physical presence of the members at a common venue and also prescribed the specified procedure to be followed for conducting the AGM through VC / OAVM. The deemed venue for the AGM shall be registered office of the Company.
2. In compliance with the provisions of the Act, MCA Circulars and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("SEBI Listing Regulations"), the Twelfth Annual General Meeting of the Company ("AGM") is being held through VC / OAVM on Monday, September 28, 2020 at 11:00 A.M. Hence, Members can participate in the AGM through VC/OAVM only. The detailed procedure for participating in the meeting through VC / OAVM is mentioned in this notice.
3. Since the physical attendance of Members has been dispensed with, the facility for appointment of proxies by the Members will not be available for this AGM and hence the Attendance Slip, Route Map and Proxy Form are not annexed to this Notice.
4. In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may also note that the Annual Report of the Company for the year ended March 31, 2020, including notice of the 12th Annual General Meeting will be uploaded on the Company's website [www.montecarlocorporate.com](http://www.montecarlocorporate.com), websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of

India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the same may also be accessed by the members from the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com).

5. The Company has appointed M/s Central Depositories Services (India) Limited (CDSL) for providing the members the facility for participation in the 12th AGM through VC/OAVM facility, for voting through remote e-Voting, and for e-Voting during the 12th AGM.
6. In compliance of the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the Company is pleased to provide its members the facility of 'remote e-voting' (which means e-voting from a place other than venue of the General Meeting) to exercise their right to vote on the resolutions proposed to be considered at the AGM. Members shall have the option to vote electronically ("e-voting") either before the AGM ("remote e-voting") or during the AGM.
7. A person, whose name is recorded in the Register of Members / Beneficial Owners list maintained by the depositories as on Monday, September 21, 2020 only shall be entitled to avail the facility of remote e-voting or e-voting during the AGM.
8. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013. Members are permitted to join the AGM through VC/OAVM, 15 minutes before the scheduled time of commencement of AGM and during the AGM, by following the procedure mentioned in this Notice.
9. Institutional/Corporate members are encouraged to attend and vote at the meeting through VC/OAVM. We also request them to send, a duly certified copy of the Board Resolution authorizing their representative to attend the AGM through VC/OAVM and vote through remote e-voting on its behalf at [investor@montecarlocorporate.com](mailto:investor@montecarlocorporate.com), pursuant to Section 113 of the Companies Act, 2013.
10. Voting rights shall be reckoned on the paid-up value of the shares registered in the name of the Member / Beneficial Owner list maintained by the depositories as on the cutoff date i.e. Monday, September 21, 2020 ("cut-off date").
11. In case of joint holders, only such joint holder who is higher in the order of names will be entitled to vote during the AGM.
12. The Company has appointed Sh. P. S. Dua (CP No. 3934) of M/s. P.S. Dua & Associates, Company Secretaries as the Scrutinizer for scrutinizing the entire e-voting process i.e. remote e-voting and e-voting during the AGM, to ensure that the process is carried out in a fair and transparent manner.
13. Pursuant to Section 91 of the Companies Act, 2013 and Rule 10 of the Companies (Management and Administration) Rules, 2014 read with Regulation 42(5) of the Listing Regulations, the Share Transfer Books and Register of Members of the Company will remain closed from Tuesday, September 22, 2020 to Monday, September 28, 2020 (both days inclusive).
14. The Board of directors of the Company at its meeting held on June 24, 2020 has recommended a dividend @50% i.e. ₹ 5/- per Equity Share on the paid up equity share capital of the Company. The dividend, if declared at the Annual General Meeting, will be paid within a period of 30 days from the date of declaration to the members, whose names shall appear on the Register of Members of the Company as on the record date i.e. Monday, September 21, 2020 in respect of physical shares and in respect of shares held in dematerialized form, the dividend will be paid to those members whose names will be furnished to us by National Securities Depository Ltd. [NSDL] and Central Depository Services [India] Ltd. [CDSL] as beneficial owners as on that date.
15. Members holding shares in dematerialized form may note that bank particulars registered against their respective demat accounts will be used by the Company for payment of dividend and therefore, members are requested to update with their respective Depository Participants ("DP"), their bank account details (account number, 9 digit MICR and 11 digit IFSC), e-mail IDs and mobile number. Members holding shares in physical form may communicate details to the Company / Registrar and Transfer Agent viz. Link In time India Private Limited ("RTA") before Monday, September 21, 2020 by quoting the Folio No. and attaching a scanned copy of the cancelled cheque leaf of their bank account and a self attested scanned copy of the PAN card.
16. Pursuant to the provisions of Sections 124 and 125 of the Act read with the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, dividends which remain unclaimed / unpaid for a period of 7 years are required to be transferred to Investor Education and Protection Fund.  
The Company requests the Members to claim the unclaimed dividends within the prescribed period and contact Link Intime India Private Limited, Registrar and Share Transfer Agent (RTA) for claiming the unclaimed dividends standing to the credit in their account. The details of the unclaimed dividends are also available on the Company's website at <https://www.montecarlocorporate.com/investor-relation/shareholding-information> and Ministry of Corporate Affairs at [www.iepf.gov.in](http://www.iepf.gov.in).
17. Members who still hold share certificate(s) in physical form are advised to dematerialize their shareholding to avail the benefits of dematerialization, which includes easy liquidity since trading is permitted in dematerialized form only, electronic transfer, savings in stamp duty and elimination of any possibility of loss of documents. Further, with effect from April 1, 2019, requests for transfer of securities are not permitted unless the securities are held in a dematerialized form with a

depository except in case of transmission or transposition of securities as per SEBI Listing Regulations. Members who still hold share certificate(s) in physical form are advised to dematerialize their shareholding at the earliest.

**18. Members holding shares in physical mode are:**

- a. required to submit their Permanent Account Number (PAN) and bank account details to the Company /RTA, if not registered with the Company, as mandated by SEBI.
- b. advised to register nomination in respect of their shareholding in the Company.
- c. requested to register/ update their e-mail address with Company's Registrar & Transfer Agents, M/s. Link Intime India Pvt. Ltd for receiving all communications from the Company electronically.

**19. Members holding shares in electronic/ demat mode are:**

- a. requested to submit their Permanent Account Number (PAN) and bank account details to respective Depository Participants ('DP's) with whom they are maintain bank account.
- b. advised to contact their respective DPs for registering nomination register nomination
- c. requested to register/ update their e-mail address with Company's Registrar & Transfer Agents, M/s. Link Intime India Pvt. Ltd for receiving all communications from the Company electronically.

**20. Non-Resident Indian members are requested to inform RTA / respective DPs, immediately of:**

- a. Change in their residential status on return to India for permanent settlement.
- b. Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

**21. The Register of Directors and Key Managerial Personnels and their Shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the Directors are interested maintained under Section 189 of the Act and documents referred in the notice of meeting will be available for inspection by the Members in electronic mode during the AGM. Members who wish to seek inspect, may send their request through an email at investor@montecarlo corporate.com up to the date of AGM.**

**22. The Additional information, pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to appointment of the Statutory Auditors of the Company, as proposed under Item No. 5 of this Notice under Ordinary Business, is provided in the explanatory statement annexed herewith.**

**23. The Additional details of Directors seeking re-appointment at the ensuing AGM as required under 36 of SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015 and Secretarial Standard-2 is annexed herewith as Annexure -A.**

**PROCEDURE FOR REMOTE E-VOTING, ATTENDING THE AGM AND E-VOTING DURING THE AGM**

**24. Procedure and instructions for remote e-voting:**

The instructions for shareholders voting electronically are as under:

- i) The voting period begins on Friday, September 25, 2020 (at 09.00 A.M.) and ends on Sunday, September 27, 2020 (at 05.00 P.M.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on Monday, September 21, 2020 (the Cut-Off date), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

Shareholders who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

- ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii) Click on Shareholders.
- iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](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:

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

- viii) After entering these details appropriately, click on “SUBMIT” tab.
- ix) 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 Electronic Voting Sequence Number (“EVSN”) **200824010** for **Monte Carlo Fashions Limited**
- xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii) Shareholders can also cast their vote using CDSL’s mobile app “m-Voting”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.
- xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details by custodian a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively, non-individual Members are required to send the relevant Board resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the scrutinizer and to the Company, if the aforesaid documents are not uploaded on the CDSL e-voting system, for scrutinizer to verify the same.

- xx) **Process for those Shareholders whose email addresses are not registered with the depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:**
- For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
  - For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id**.
- xxi) If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, 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) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).
- xxi) Name, designation, address, e-mail ID and phone number of the person responsible to address the grievances connected with the evoting:
- Sh. Ankur Gauba,  
 Company Secretary and Compliance Officer  
 B-XXIX-106, G.T. Road, Sherpur, Ludhiana – 141003,  
 Ph. 0161-5066628, E-mail Id: [investor@montecarlocorporate.com](mailto:investor@montecarlocorporate.com).
- xxii) All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.
- xxiii) 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. Monday, September 21, 2020 may follow the same instructions as mentioned above for e-Voting.

## 25. Procedure And Instructions For Shareholders Attending the AGM Through VC/OAVM Are As Under:

- (i) Shareholders will be able to attend the AGM through VC / OAVM through the facility provided by CDSL at [www.evotingindia.com](http://www.evotingindia.com) by using their remote e-voting login credentials and selecting the EVSN for the Company's AGM
- (ii) Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- (iii) Shareholders Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use an internet facility with a good bandwidth to avoid facing any disturbance during the AGM.
- (iv) Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/ folio number, PAN, mobile number along with their queries at [investor@montecarlocorporate.com](mailto:investor@montecarlocorporate.com) from Tuesday, September 22, 2020 from 9:30 a.m. (IST) to Thursday, September 24, 2020 till 5:00 p.m. (IST). Those Members who have registered themselves as a speaker will be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- (v) The shareholders who do not wish to speak during the AGM but have queries may send their queries at [investor@montecarlocorporate.com](mailto:investor@montecarlocorporate.com) from Tuesday, September 22, 2020 from 9:30 a.m. (IST) to Thursday, September 24, 2020 till 5:00 p.m. (IST) mentioning their name, demat account number/folio number, email id, mobile number. These queries will be replied to by the company suitably by email.

## 26. Procedure and Instructions for Shareholders For E-Voting During The AGM are as under:

- (i) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- (ii) Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- (iii) If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.



- (iv) Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

#### 27. Declaration Of Results:

- (i) The scrutinizer shall, immediately after the conclusion of voting during the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairperson of the Company or the person authorized by him, who shall countersign the same.
- (ii) Based on the scrutinizer's report, the Company will submit within 48 hours of the conclusion of the AGM to the Stock Exchanges, details of the voting results as required under Regulation 44(3) of the SEBI Listing Regulations.
- (iii) The results declared along with the scrutinizer's report, will be hosted on the website of the Company at [www.montecarlocorporate.com](http://www.montecarlocorporate.com) and on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com), immediately after the declaration of the result by the Chairperson or a person authorised by him in writing and communicated to the Stock Exchanges.
- (iv) Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the AGM i.e. Monday, September 28, 2020.

#### 28. Other Instructions:

- (i) As per the provisions of Section 101 and 136 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016, the service of notice/documents including Annual Report can be sent by e-mail to its members. Members who have not registered their e-mail addresses, so far, are requested to register their e-mail address with Company's Registrar & Transfer Agents, M/s. Link Intime India Pvt. Ltd and Depository Participant in case of Demat Shares, to enable the Company to send the notices, documents including Annual Reports by e-mail.
- (ii) The persons who have acquired shares and become members after the despatch of the notice may send a request to the Company Secretary via e-mail at [investor@montecarlocorporate.com](mailto:investor@montecarlocorporate.com) for a copy of the Annual Report. 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. Monday, September 21, 2020 should treat this Notice for information purposes only.
- (iv) The Company has designated an exclusive e-mail ID i.e. [investor@montecarlocorporate.com](mailto:investor@montecarlocorporate.com) to enable the investors to register their complaints / send correspondence, if any.

### EXPLANATORY STATEMENT

**(Annexed to the notice convening the Twelfth Annual General Meeting to be held on Monday, September 28, 2020)**

#### Item No. 5

The Members of the Company had approved the appointment of M/s Walker Chandiook & Co. LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) as the Statutory Auditors for the financial year 2012-13, 2013-14 and 2014-15 at their respective AGM'S. Further, at the 7<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September, 2014 the members of the company, approved the appointment of M/s Walker Chandiook & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company for a period of five years i.e. to hold office upto the AGM for the financial year 2019-20. Accordingly, their present term will complete on conclusion of this AGM in terms of the said approval.

M/s Walker Chandiook & Co. LLP, Chartered Accountants would be completing 8 years as the Statutory Auditors of the Company at this AGM. In accordance with Section 139(2) of the Act and Rule 6 of the Companies (Audit and Auditors) Rules, 2014, M/s Walker Chandiook & Co. LLP. are eligible for re-appointment for a term of only 2 (Two) years.

The Board of Directors of the Company, on the recommendation of the Audit Committee, recommended for the approval of the Members, the appointment of M/s Walker Chandiook & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company for term of 2 (two) years commencing from conclusion of 12<sup>th</sup> (Twelfth) Annual General Meeting till the conclusion of 14<sup>th</sup> (Fourteenth) Annual General Meeting of the Company. On the recommendation of the Committee, the Board also recommended for the approval of the Members, the remuneration of Statutory Auditors for the financial year 2020-21.

The Committee has considered various parameters like audit experience in the Company's operating segment, market standing of the firm, clientele served, technical knowledge etc., and found M/s Walker Chandiook & Co. LLP to be best suited to handle the scale and diversity associated with the audit of the financial statements of the Company.

M/s Walker Chandiook & Co. LLP have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act.

**Terms and Conditions of Re-appointment are as under:**

1. Term of Appointment: Two years from the conclusion of this AGM till the conclusion of AGM for Financial Year 2021-22.
2. Proposed Fees: The fees for services in the nature of Statutory Audit, Limited review is ₹ 32,00,000/- (Rupees Thirty Two Lakhs only) payable in one or more installments plus goods and service tax as applicable and re-imbursalment of out-of-expenses incurred by them. The proposed fees is based on knowledge, expertise, industry experience, time and efforts required to be put in by M/s Walker Chandiok & Co. LLP. during their association with the Company. The proposed fees are also in line with the industry benchmarks. The fees for services in the nature of statutory certifications and other additional professional work will be in addition to the audit fee as above and will be decided by the management in consultation with the Auditors.

**Credentials**

M/s Walker Chandiok & Co LLP (FRN 001076N/N500013), Chartered Accountants ("the Firm") is an independent Indian partnership firm established in 1935, with its head office at 1st floor, L- 41 Connaught Circus, New Delhi 110 001. The Firm provides audit, tax and advisory services through its 49 partners and 1400+ staff from its 13 offices in 11 cities, namely, New Delhi, Mumbai, Bengaluru, Chandigarh, Chennai, Gurgaon, Hyderabad, Kolkata, Noida, Pune and Kochi. The Firm is registered with the Institute of Chartered Accountants of India ("ICAI") as well as the PCAOB (Public Company Accountancy Oversight Board) in the US. Apart from statutory audit, the firm also has expertise in other allied areas. The firm has been statutory auditors of large listed companies to cross section of industries and carries a good professional track-record.

The Board recommends the re-appointment of Statutory Auditors as set out at Item no. 5 of the Notice.

**Memorandum of Interest**

None of the Directors and Key Managerial Personnel of the Company, or their relatives, in any way, concerned or interested, financially or otherwise, in the proposed re-appointment of Statutory Auditors as set out at Item no. 5 of the Notice.

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

**Date : 07.08.2020  
Place: Ludhiana**

**Ankur Gauba  
(Company Secretary)  
ICSI Membership No. FCS 10577**

**ANNEXURE- A**

**Pursuant to regulation 36 of SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015 and Secretarial Standard-2, the information about the directors proposed to be re-appointed as set out in this notice is furnished below:**

<b>Names</b>	Smt. Ruchika Oswal			Smt. Monica Oswal		
<b>Designation</b>	Executive Director			Executive Director		
<b>Date of birth/age</b>	25.02.1972/ 48 Years			25.02.1972/ 48 Years		
<b>Date of appointment</b>	10.08.2016			10.08.2016		
<b>Qualification</b>	Bachelor's Degree in Commerce from the Government College for Women, Punjab University			Bachelor's Degree in Commerce from the Government College for Women, Punjab University		
<b>Experience</b>	More than 20 years of experience in the field of Manufacturing & Administration.			More than 20 years of experience in the field of Marketing and Branding.		
<b>Terms of appointment</b>	Five Years			Five Years		
<b>Remuneration for the Financial Year 2019-20</b>	₹ 92.08 Lakhs			₹ 97.84 Lakhs		
<b>Disclosure of relationship:</b>	Smt. Ruchika Oswal is Daughter of Sh. Jawahar Lal Oswal, Chairman & Managing Director, Sister of Smt. Monica Oswal, Spouse of Sh. Sandeep Jain and Aunt of Sh. Rishabh Oswal, 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 and Aunt of Sh. Rishabh Oswal, Executive Directors of the Company. She is not related to any of the other Director and Key Managerial Personnel of the Company.		
<b>Shareholding:</b>	3,43,668 Equity Shares			3,43,667 Equity Shares		
<b>No. of Board Meetings attended during the year</b>	4			1		
<b>Directorships in other Listed Companies as on 31<sup>st</sup> March, 2020:</b>	NIL			Oswal Leasing Limited		
<b>Chairman/ Member of Committees of other Listed Companies as on 31<sup>st</sup> March, 2020:</b>	<b>Name of the Company</b>	<b>Name of the Committee</b>	<b>Designation</b>	<b>Name of the Company</b>	<b>Name of the Committee</b>	<b>Designation</b>
	NIL			Oswal Leasing Limited	Audit	Member
					Stakeholders Relationship	Member

## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twelfth (12<sup>th</sup>) Annual Report of the Company along with the Audited Financial Results for the year ended March 31, 2020.

### 1. FINANCIAL RESULTS

The Company's financial performance for the year under ended March 31, 2020 is summarized below: (₹ In Lakhs)

Particulars	Current Year 2019-2020	Previous Year 2018-2019
Revenue from operations	72,561.32	65,637.47
Other Income	1,151.79	1,822.85
Total Revenue from operations & other income	73,713.11	67,460.32
<b>Earnings before Interest, Depreciation &amp; Tax (EBIDTA)</b>	<b>13,594.31</b>	<b>11,657.49</b>
Depreciation & Amortization	3,340.38	1,910.01
Finance Cost	1,701.01	894.61
<b>Profit before Tax (PBT)</b>	<b>8,552.92</b>	<b>8,852.87</b>
<b>Tax Expenses/ Adjustment</b>		
1. Current Tax	2,237.82	2,272.37
2. Deferred Tax	(53.91)	620.89
<b>Profit after Tax (PAT)</b>	<b>6,269.01</b>	<b>5,959.61</b>
<b>Other Comprehensive Income (net of tax)</b>	<b>(76.22)</b>	<b>(40.61)</b>
<b>Total Comprehensive Income</b>	<b>6,192.79</b>	<b>5,919.00</b>
<b>Earnings Per Share (₹) – Basic</b>	<b>30.24</b>	<b>27.46</b>
<b>Earnings Per Share (₹) – Diluted</b>	<b>30.24</b>	<b>26.85</b>

#### Notes:-

- The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended and presentation requirements of Division II of schedule III of the Companies Act, 2013 (Ind AS compliant schedule III) as applicable to financial statement.
- Effective from 1 April 2019, the Company has adopted Ind AS 116 "Leases" applied to all lease contracts existing on 1 April 2019 using the modified retrospective method along with the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the Lease Liability. Accordingly, comparatives for the quarter and year ended 31 March 2019 have not been retrospectively adjusted. This has resulted in recognizing a ROU asset and a corresponding Lease Liability of ₹ 6,742.02 lakhs as at 1 April 2019. With the adjustment, other expenses is lower by ₹ 1,466.88 Lakhs and depreciation and amortisation expense and finance cost is higher by ₹ 1,285.06 Lakhs and ₹ 634.65 Lakhs respectively and profit before tax is lower by ₹ 452.83 Lakhs.

### 2. PERFORMANCE REVIEW

#### • BUSINESS OUTLOOK

Your Company being one of the leading branded apparel Company has successfully expanded its horizon by introducing new product ranges. It has created a comprehensive range of wool and cotton, cotton blended, knitted and woven apparels, and home furnishing through some of its ranges under umbrella brand name "Monte Carlo" such as Luxuria, Denim, Alpha, and Tweens, Rock It etc. The company continues with its endeavour to build a leading branded apparel company which can fulfil all the requirements of an individual's wardrobe. Monte Carlo has successfully positioned itself as a lifestyle brand with a well-diversified product offering. Your company has started sales through the Shop-in-Shop (SIS) model as well, with a focus on expansion of its retail network.

Your Company's key strength is wide and growing distribution network with a diversified presence across India. The company has a presence through 2500 + MBO's & Distributors, 278 EBO's, 566 National Chain Stores and 126 Shop-in-Shop Stores. A significant contribution to the company's revenue comes from MBOs and franchise EBOs where the company primarily sell on a pre-ordered outright basis. By this business model, there is no significant inventory risk, and the company remains adequately protected from normal hazards of the branded apparel business.

The Company's future growth strategy is to focus more on Cotton & Cotton-blended apparel catering to all seasons and expansion of its retail distribution network. While the company already has a pan-India presence, it is looking to penetrate further in the western and southern regions of India as well as expanding its product offerings in home furnishing and kids in order to reduce the overall seasonality impact.

- **PRODUCTION AND SALES REVIEW**

During the year under review, your company has registered revenue growth of around 11% backed by improved traction across all business segments. The revenue from operations has increased to ₹ 72,561.32 Lakhs from ₹ 65,637.47 Lakhs achieved last year. The production of the company has been increased from 3,223,038 pcs to 3,571,110 pcs during the year 2019-2020, showing an increase of 10.80%.

- **PROFITABILITY**

The Company's earnings before depreciation, interest and tax for the current year is ₹ 13,594.31 Lakhs as against ₹ 11,657.49 Lakhs achieved last year. After providing for depreciation of ₹ 3,340.38 Lakhs (previous year ₹ 1,910.01 Lakhs), finance cost of ₹ 1,701.01 Lakhs (previous year ₹ 894.61 Lakhs), provision for current tax of ₹ 2,337.82 Lakhs (previous year ₹ 2,272.37 Lakhs), provision for deferred tax (₹ 53.91) Lakhs (previous year ₹ 620.89 Lakhs), the Net Profit from the operations increased to ₹ 6,269.01 Lakhs as compared to ₹ 5,959.61 Lakhs achieved last year. The other income of the Company for the said Financial Year stood at ₹ 1,151.79 Lakhs.

- **RESOURCES UTILISATION**

- A) Fixed assets

The Net Block as at 31<sup>st</sup> March, 2020 was at ₹ 15,178.03 Lakhs as compared to ₹ 14,855.29 Lakhs in the previous year.

- B) Current assets

The current assets as on 31<sup>st</sup> March, 2020 were at ₹ 61,334.10 Lakhs as against ₹ 56,928.82 Lakhs in the previous year.

- **FINANCIAL CONDITION & LIQUIDITY**

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

The position of liquidity and capital resources of the company is given below:- (₹ in Lakhs)

PARTICULARS	2019-20	2018-19
<b>Cash and Cash Equivalents</b>		
Beginning of the year	3,265.54	152.23
End of the year	134.43	3,265.54
<b>Net Cash generated (used) by:-</b>		
Operating activities	3,655.42	12,550.49
Investing activities	(3,034.48)	955.16
Financial activities	(3,752.05)	(10,392.34)

- **IMPACT OF COVID-19**

The country witnessed lockdown being implemented in India in the second fortnight of March 2020. There were also restrictions of varying extent across larger part of the world, due to the COVID-19 pandemic. This impacted the business operations of the Company significantly. Since April 21, 2020, the Company started resuming operations in its manufacturing plants after taking requisite permissions from Government authorities.

By staying true to its purpose and its values, the top-most priority for the Company was to ensure the safety of its employees by stringent use of protective gear, abiding by social distancing norms and taking all safety precautions. Detailed information on the same has been included under the Management Discussion & Analysis report forming part of this Annual Report.

### 3. SHARE CAPITAL

The Authorized Share Capital of your Company as at 31<sup>st</sup> March, 2020 stands at ₹ 250,000,000 divided into 25,000,000 Equity Shares of ₹ 10/- each. As at 31<sup>st</sup> March, 2020, the Issued, Subscribed and Paid-up Equity Share Capital of the Company stood at ₹ 207,320,640 divided into 20,732,064 Equity Shares of ₹ 10/- each.

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

### 4. DIVIDEND ON EQUITY SHARES

Based on the Company's performance, wherein, it has earned a Net Profit of ₹ 6,269.01 Lakhs, your Board recommends

a dividend of ₹ 5/- per Equity Share of ₹ 10/- each (i.e 50%) for the approval of the members at the ensuing Annual General Meeting. The final dividend on Equity Shares, if declared by the members would involve a cash outflow of around ₹ 1,036.60 Lakhs.

**5. TRANSFER TO RESERVES**

The General Reserve of the Company stood at ₹ 38,086.51 Lakhs as at 31.03.2020. During the year under review, buy-back related expenses amounting to ₹ 47.58 Lakhs have been adjusted from General Reserve.

**6. SUBSIDIARY, JOINT VENTURES OR ASSOCIATE COMPANIES**

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

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

There are no material changes or commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company i.e. 31<sup>st</sup> March, 2020 and the date of this report

**8. REPORTING OF FRAUDS:**

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

**9. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNELS**

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

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

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

**Directors:**

There is no change in the Board of Directors of the Company during the financial year 2019-2020.

**Re-appointment of Independent Directors**

The members at their 11<sup>th</sup> Annual General Meeting held on September 27, 2019 had approved the re-appointment of the Independent Directors for a second term, as per the details mentioned below:

Name of Director	Duration of Second Term
Dr. Suresh Kumar Singla	5 (five) consecutive years with effect from 27.06.2019 to 26.06.2024
Dr. Manisha Gupta	5 (five) consecutive years with effect from 27.06.2019 to 26.06.2024
Sh. Alok Kumar Misra	5 (five) consecutive years with effect from 09.08.2019 to 08.08.2024
Dr. Amrik Singh Sohi	3 (Three) consecutive years with effect from 01.02.2019 to 31.01.2022
Sh. Ajit Singh Chatha	3 (Three) consecutive years with effect from 01.04.2019 to 31.03.2022

**Declaration of independence from Independent Directors**

The Company has received the following declarations from all the Independent Directors confirming that:

- They meet the criteria of independence as prescribed under the provisions of the Act, read with the Schedules and Rules issued thereunder, as well as of Regulation 16 of the Listing Regulations.
- In terms of Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, they have registered themselves with the Independent Director's database maintained by the Indian Institute of Corporate Affairs, Manesar.
- In terms of Regulation 25(8) of the Listing Regulations, they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties. In terms of Regulation 25(9) of the Listing Regulations, the Board of Directors has ensured the veracity of the disclosures made under Regulation 25(8) of the Listing Regulations by the Independent Directors of the Company.

**Retirement by Rotation**

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Smt. Ruchika Oswal (DIN: 00565979) and Smt. Monica Oswal (DIN: 00566052), Executive Directors of the Company, being longest in the office since their last

appointments/ re-appointments, shall retire at the forthcoming Annual General Meeting and being eligible offers themselves for re-appointment, on the same terms and conditions on which they were appointed/ re-appointed.

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

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

The following persons are the Key Managerial Personnel (KMP's) of the Company as on March 31, 2020 in terms of 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. Rishabh Oswal	Executive Director
Sh. Raj Kapoor Sharma	Chief Financial Officer
Sh. Ankur Gauba*	Company Secretary

\*Sh. Ankur Gauba was appointed as Company Secretary & Compliance Officer with effect from 20<sup>th</sup> May, 2019.

#### **10. NUMBER OF BOARD MEETINGS HELD**

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

During the Financial Year 2019-2020, the Board met on 4 (Four) occasions viz. May 20, 2019; August 05, 2019; November 13, 2019 and February 06, 2020. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

#### **11. COMMITTEES OF THE BOARD**

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

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

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

#### **12. 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 November 13, 2019 to review the performance of the Non-executive Directors, Chairman of the Company and performance of the Board as a whole. Composition of Board / Committees, Quality and timely flow of information, frequency of meetings, and level of participation in discussions were some of the parameters considered during the evaluation process.

#### **13. NOMINATION AND REMUNERATION POLICY**

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

The said Policy is available on Company's website and the web link for the same is [https://www.montecarlocorporate.com/Pdfs/NOMINATION\\_AND\\_REMUNERATION\\_POLICY1574676567.pdf](https://www.montecarlocorporate.com/Pdfs/NOMINATION_AND_REMUNERATION_POLICY1574676567.pdf)

**14. 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.

**15. INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY**

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

Based on the framework of Internal Financial Controls and compliance systems established and maintained by the Company, work performed by the Internal Auditors, Statutory Auditors and Secretarial Auditors and External Consultants, including audit of internal financial controls over financial reporting by the Statutory Auditors, and the reviews performed by the management and the Audit Committee, the Board is of the opinion that Internal Financial Controls of the Company were adequate and effective during the year under review.

**16. BUSINESS RISK MANAGEMENT**

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

**17. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Board has constituted a CSR Committee constituted under Section 135 of the Companies Act, 2013. As per the adopted CSR policy, the Company is committed to certain CSR initiatives in the fields of Medical Relief and Research, Environmental Sustainability, Education and Social Upliftment etc., in collaboration with its Group Companies through the Implementing Agency i.e Oswal Foundation and other trusts/organisations. The said policy is available at <https://www.montecarlocorporate.com/Pdfs/CORPORATE-SOCIAL-RESPONSIBILITY-POLICY1574676509.pdf>

The Company was required to spend ₹ 162.48 Lakhs on account of its liability towards Corporate Social Responsibility (CSR) for the Financial year 2019-20 and the Company has fulfilled its entire CSR obligation by donating ₹ 1.05 Lakhs to Deaf Cricket Federation and ₹ 161.43 Lakhs to Oswal Foundation, thus complying with the provisions of section 135 of the Companies Act, 2013.

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

**18. RELATED PARTY TRANSACTIONS**

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

Prior approval of the Audit Committee was also obtained for all the transactions entered into during the year 2019-20 by the Company with its Group Companies. The details of all the related party transactions were placed before the Audit Committee and Board for its consideration and ratification on quarterly basis.

The details of the transactions entered with Related Parties during the year are provided in the Company's Financial Statements at Note No. 40 of the Notes to Accounts in accordance with the relevant Accounting Standard.

Your Company has framed a Policy on Related Party Transactions for purpose of identification and monitoring of such transactions in line with the requirements of the Companies Act, 2013 and Listing Regulations and the said policy is available at <https://www.montecarlocorporate.com/Pdfs/RELATED-PARTY-TRANSACTION-POLICY1574676627.pdf>.

**19. PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS**

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

**20. EXTRACTS OF ANNUAL RETURN**

Pursuant to the provisions of Section 134(3)(a) of Companies Act, 2013 substituted by Companies (Amendment) Act, 2017 w.e.f. July 31, 2018, the Annual Return is put up on the Company's website and can be accessed at <https://www.montecarlocorporate.com/Pdfs/Annual%20Return%202019-201598869177.pdf>



**21. INSURANCE**

Your Company has taken adequate comprehensive insurance policy for its assets against foreseeable perils like fire, flood, public liability, marine, etc.

The Company has also taken Directors and Officers Liability insurance policy.

**22. INTERNAL CONTROL SYSTEM & ITS ADEQUACY**

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

**23. CORPORATE GOVERNANCE**

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

**24. AUDITORS*****Statutory Auditors & Auditor's Report***

The Board has proposed the resolution of appointment of M/s Walker Chandio & Co. LLP (Firm Registration No: 001067N / N500013), as Statutory Auditors for the approval of the members of the Company in their ensuing Annual General Meeting to hold office for a period of 2 years commencing from the conclusion of 12<sup>th</sup> (Twelfth) Annual General Meeting till the conclusion of 14<sup>th</sup> (Fourteenth) 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 Annual Accounts of the Company for the year under review is self explanatory and requires no comments. Further, there are no adverse remarks or qualification in the report that calls for Board's explanation. During the year under review, there were no frauds reported by Auditors under Section 143(12) of Companies Act, 2013.

***Secretarial Auditor***

M/s P.S. Dua & Associates, Company Secretary in whole time practice, were appointed as Secretarial Auditor of the Company to conduct Secretarial Audit for the Financial Year 2019-20, pursuant to the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

There has been no qualification, reservation, adverse remark or disclaimer given by the Secretarial Auditor in his Report for the year under review. The Secretarial Audit Report is annexed as **Annexure-C** to this report.

***Cost Auditor***

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

**25. 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 2019-2020 have been duly paid to both the Stock Exchanges.

**26. VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

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

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

The Company has adopted a policy against sexual harassment and constituted an Internal Compliant Committee in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. During the Financial Year 2019-20 the Company has not received any complaints on the same and hence, no complaint was pending as at 31<sup>st</sup> March, 2020.

## **28. 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.

## **29. BUSINESS RESPONSIBILITY REPORT**

Business Responsibility Report ("BRR") for the year under review, as stipulated under 34(2)(f) of the SEBI Listing Regulations to be submitted by top 1,000 listed entities based on their market capitalisation as on March 31, 2020, is presented separately and forms part of this Annual Report.

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

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

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

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

## **32. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS**

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

## **33. HUMAN RESOURCE & INDUSTRIAL RELATIONS**

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

## **34. DIRECTOR'S RESPONSIBILITY STATEMENT**

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

- a) In the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The directors have prepared the annual accounts on a going concern basis;
- e) The directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## **35. GENERAL DISCLOSURES**

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

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

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

**36. ACKNOWLEDGEMENT & APPRECIATION**

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

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

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

**Place: Ludhiana**  
**Date : 07.08.2020**

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

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

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2019-20:**

**1. Brief Outline of CSR Policy:**

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

**2. Composition of the CSR Committee:**

The CSR Committee comprises of:

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

**3. Average net profit of the Company for last three financial years** : ₹ 8123.92 Lakhs

**4. Prescribed CSR Expenditure** : ₹ 162.48 Lakhs

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

a) Total amount spent for the Financial Year : ₹ 162.48 Lakhs

b) Amount unspent, if any : ₹ Nil

c) Manner in which the amount spent during the Financial year is detailed below: (Amount ₹ in Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the State and District where project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: 1. Direct expenditure on projects or programs 2. Overheads:	Cumulative expenditure up to the reporting period	Amount spent District or through implementing agency.
1.	Donation to Deaf Cricket Federartion	Eradicating poverty	Ludhiana City, District Ludhiana, Punjab	-	1.05	1.05	Direct
2.	Donation to Oswal Foundation	Preventive Healthcare, Eradicating poverty & others	Ludhiana City, District Ludhiana, Punjab	-	161.43	162.48	Direct

6. The Company joined hands with a recognized charitable organization, M/s. Oswal Foundation ('Foundation') for the purpose of undertaking its Corporate Social Responsibility (CSR) obligation. The said organization had done various activities under CSR as prescribed under Schedule VII of the Companies Act, 2013. Looking towards, the contribution made by M/s. Oswal Foundation to society, the Company has contributed a sum of ₹ 161.43 being the prescribed CSR expenditure for the financial Year 2019-20. Thus, the company has fulfilled its CSR Obligations for the unspent CSR amount for the Financial Year 2019-20 and complied with the provisions of Section 135 of the Companies Act, 2013.

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

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

Place: Ludhiana  
Date : 07.08.2020

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

**FORM NO. AOC -2**

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

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

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

During the Financial Year 2019-20, the Company had not entered into any contract/ arrangement/ transaction with its related parties which is not in ordinary course of business or at arm's length.

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

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

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

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

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

**Place: Ludhiana  
Date : 07.08.2020**

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

## ANNEXURE-C TO THE DIRECTOR'S REPORT

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

FOR THE FINANCIAL YEAR ENDED 31.03.2020

[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, Punjab.****(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, 2020 (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, 2020 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - There was no Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings as per the information provided to us.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018-Not Applicable to the Company during the period under review.
  - c. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - d. Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018- The Company has bought back 10,00,000 fully paid-up equity shares of face value of ₹ 10/- each (Equity Shares) at a price of ₹ 550/- (Rupees Five Hundred Fifty only) per share for an aggregate amount of ₹ 55,00,00,000 (Rupees Fifty-FiveCrores Only). The Buy-Back closed on 10<sup>th</sup> April, 2019. The extinguishment of share certificates, for the shares bought back was done on 11<sup>th</sup> April, 2019.
  - e. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- Not Applicable to the Company during the audit period.
  - f. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- Not Applicable to the Company during the audit period.
  - g. Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013- Not Applicable to the Company during the audit period.
  - h. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - i. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act 2013 and dealing with client - Not applicable to the Company during the audit period.
  - j. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable to the Company during the audit period.

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

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

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

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

1. The Factories Act, 1948;
2. The Payment of Wages Act, 1936 and The Payment of Wages (Amendment) Act, 2017;
3. The Payment of Bonus Act, 1965 and The Payment of Bonus (Amendment) Act, 2015;
4. The Payment of Gratuity Act, 1972;
5. The 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 And Control of Pollution) Act, 1974;
12. The Air (Prevention And Control of Pollution) Act, 1981;
13. The Indian 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.

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 were 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.

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

**Place: Ludhiana**  
**Date: 07.08.2020**

**P.S. Dua**  
Proprietor  
(Membership No.: FCS 4552)  
(Certificate of Practice No.: 3934)  
UDIN:F004552B000557687

**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, Punjab**

**(CIN: L51494PB2008PLC032059)**

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

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

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

**P.S. Dua**  
Proprietor

(Membership No.: FCS 4552)  
(Certificate of Practice No.: 3934)  
UDIN:F004552B000557687

**Place: Ludhiana**  
**Date: 07.08.2020**



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

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 are as under:

S. No.	Name & Designation of Director/KMP	Remuneration for F.Y. 2019-20 (₹ in Lakhs)	% Age increase in the remuneration in the F.Y. 2019-20	Ratio of Remuneration to each director to median remuneration of employees
1.	Sh. Jawahar Lal Oswal Chairman & Managing Director	Nil*	N.A	N.A
2.	Sh. Sandeep Jain Executive Director	199.35	5.88	130.07
3.	Smt. Ruchika Oswal Executive Director	92.08	1.69	60.08
4.	Smt. Monica Oswal Executive Director	97.84	6.54	63.84
5.	Sh. Rishabh Oswal Executive Director	114.61	@	49.23
6.	Sh. Dinesh Gogna Non Executive Director	1.00	\$	0.65
7.	Sh. Paurush Roy Non Executive Director	Nil*	N.A	N.A
8.	Sh. Ajit Singh Chatha Independent Director	0.25	\$	0.16
9.	Dr. Suresh Kumar Singla Independent Director	0.75	\$	0.49
10.	Dr. Manisha Gupta Independent Director	1.00	\$	0.65
11.	Dr. Amrik Singh Sohi Independent Director	0.25	\$	0.16
12.	Sh. Alok Kumar Misra Independent Director	0.50	\$	0.65
13.	Sh. Raj Kapoor Sharma Chief Financial Officer	21.28	@	13.89
14.	Sh. Ankur Gauba Company Secretary	9.00	#	5.87

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

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

@ Details not given as the Remuneration of Sh. Rishabh Oswal, Executive Director and Sh. Raj Kapoor Sharma, Chief Financial Officer for the financial year 2019-20 cannot be compared with their remuneration in the financial year 2018-19 as they have received remuneration for their current designation only for a part of financial year 2018-19.

# Not Applicable as Sh. Ankur Gauba, Company Secretary was appointed during the financial year 2019-20.

- The median remuneration of employees of the Company during the financial year was at ₹ 1.53 Lakhs.
- In the financial year, there was an increase of 3.38% in the median remuneration of employees.
- There were 1,839 permanent employees on the rolls of Company as on March 31, 2020.
- Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2019-20 was 3.13% whereas increase in the managerial remuneration for the same financial year was 5.02%.
- 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 31.03.2020.**

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

Name of Employees	Age in years	Designation	Qualification	Nature of Employment	Experience in Years	Date of Commencement of Employment	Remuneration (₹ in Lakhs)	Last Employment Held
Sh. Sandeep Jain	48	Executive Director	Graduate	Full-time	26	01.08.2012	199.35	Oswal Woollen Mills Ltd.
Sh. Rishabh Oswal	28	Executive Director	B.A.(Hons.), Executive MBA	Full-time	7	01.01.2015	114.61	Cotton County Retail Ltd.

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

Name of Employee	Age in years	Designation	Qualification	Nature of Employment	Experience in Years	Date of Commencement of Employment	Remuneration (₹ in Lakhs)	Last Employment Held
Sh. Sandeep Jain	48	Executive Director	Graduate	Full-time	26	01.08.2012	199.35	Oswal Woollen Mills Ltd.
Sh. Rishabh Oswal	28	Executive Director	B.A.(Hons.), Executive MBA	Full-time	7	01.01.2015	114.61	Cotton County Retail Ltd.
Smt. Monica Oswal	48	Executive Director	Graduate	Full-time	20	10.08.2011	97.84	Oswal Woollen Mills Ltd.
Smt. Ruchika Oswal	48	Executive Director	Graduate	Full-time	20	10.08.2011	92.08	Oswal Woollen Mills Ltd.
Sh. Sumit Agrawal	42	Head-Production (Non-Woolen)	Graduate	Full-time	22	20.12.2015	28.11	Creative Line International Pvt. Ltd.
Sh. Manish Chopra	42	Head-Production (Non-Woolen)	Graduate	Full-time	22	01.04.2011	26.32	Oswal Woollen Mills Ltd.
Sh. Alok Jain	48	Head-Production (C&D)	B.Com (Hons.), MBA	Full-time	28	04.02.2013	24.68	Duke Fashions (India) Ltd.
Sh. Vikas Sethi	50	Head- IT	B.E. (Computer Science Engineering)	Full-time	24	03.09.2018	24.14	HPCL Mittal Energy Ltd.
Sh. Vikas Jain	43	Head-Production (Woolen)	Graduate	Full-time	20	01.04.2011	23.87	Oswal Woollen Mills Ltd.
Sh. Ashish Madan	41	Head-LFS	Graduate	Full-time	22	23.07.2014	21.72	Aureole Inspects Pvt. Ltd

**NOTES :**

1. Sh. Sandeep Jain is spouse of Smt. Ruchika Oswal and Smt. Ruchika Oswal and Smt. Monica Oswal are daughters of Sh. Jawahar Lal Oswal, and Sh. Rishabh Oswal is the grandson of Sh. Jawahar Lal Oswal.
2. Except as stated in Note No. 1, none of the other above mentioned persons are related to any Director and Key Managerial Personnel of the Company.
3. The remuneration as shown above includes, inter-alia, House Rent Allowance, Company's contribution to Provident Fund, incentives and other perquisites as per the Company's policy.
4. None of the employee has drawn in excess of remuneration drawn by MD/ WTD and holds alongwith spouse and dependent children not less than 2% of the Equity Shares of the Company as on March 31, 2020.

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

**Place: Ludhiana  
Date : 07.08.2020**

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

**ANNEXURE-E TO THE DIRECTORS' REPORT**

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

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

The adequate measures have been taken to reduce energy consumption, wherever possible through consumption of renewable energy, installation of temperature-controlled air conditioners, replacement of old lighting fixtures with LED lights, use of natural lights in offices/stores premises. Display of signages have also been created to promote awareness on conservation of energy.

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

- Two UPS 100 KVA are replaced with the new one, Which increase efficiency Up to 15 -20%
- Solar Energy is extremely beneficial to Environment. The company has Solar Plant at three 3 Locations as follows:-
  - a) G.T. Road - 352 KW
  - b) Miller Ganj - 100 KW
  - c) Focal Point - 100 KW

**(iii) The capital investment on energy conservation equipment;**

Nil

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

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

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

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

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

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

**(iv) The expenditure incurred on Research & Development**

Nil

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

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

(Amount in ₹)

	2019-2020	2018-2019
<b>i)</b> Total Foreign Exchange outgo	558,051,638.45	343,983,543.81
<b>ii)</b> Total Foreign Exchange earned	Nil	Nil

For and on behalf of Board of Directors

Place: Ludhiana  
Date : 07.08.2020

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

## REPORT ON CORPORATE GOVERNANCE

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

### REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2020, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE REPORT

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

### CODE OF BUSINESS CONDUCT & ETHICS

The Company has adopted a Code of Conduct and Business Ethics for Directors and Senior Management of the Company, as required under Regulation 17(5)(a) of the Listing Regulations. The Company has received confirmations from the Directors and Senior Management regarding compliance with the Code for the year ended 31st March, 2020. A certificate from the Managing Director to this effect is attached to this Report. The Code has been displayed on the Company's website [www.montecarlocorporate.com](http://www.montecarlocorporate.com)

### CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

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

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

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

### 1. BOARD OF DIRECTORS

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

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

During the year under review, the Board met on 4 (Four) occasions viz. May 20, 2019; August 5, 2019; November 13, 2019 and February 06, 2020. The maximum gap between any two Board meetings was less than one hundred and twenty days.

- A.** The following table describes the composition and category of each director on the Board, their status, their attendance at the Board Meetings and the last Annual General Meeting together with the details of number of other directorships and Committee Membership(s)/ Chairmanship(s) of each Director as at 31.03.2020:

Name of the Director	Category of Director	No. of Board Meetings Attended	Attendance at AGM held on 27.09.2019	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	Not Present	5	-	-
Smt. Monica Oswal <sup>4</sup>	Promoter, Executive Director	2 of 4	Not Present	7	-	2
Sh. Rishabh Oswal <sup>4</sup>	Executive Director	3 of 4	Present	3	-	-
Sh. Dinesh Gogna	Non Executive, Non Independent Director	4 of 4	Present	8	1	5
Sh. Paurush Roy	Non Executive Independent Director	4 of 4	Not Present	1	-	-
Sh. Ajit Singh Chatha	Non Executive Independent Director	1 of 4	Not Present	5	3	5
Dr. Suresh Kumar Singla	Non Executive Independent Director	3 of 4	Present	5	2	6
Dr. Manisha Gupta	Non Executive Independent Director	4 of 4	Not Present	4	1	2
Dr. Amrik Singh Sohi	Non Executive Independent Director	1 of 4	Present	4	1	3
Sh. Alok Kumar Misra	Non Executive Independent Director	2 of 4	Not Present	6	0	4

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. Smt. Ruchika Oswal and Smt. Monica Oswal are Daughters of Sh. Jawahar Lal Oswal, Sh. Sandeep Jain is related to Sh. Jawahar Lal Oswal being husband of Smt. Ruchika Oswal and Sh. Rishabh Oswal is grandson of Sh. Jawahar Lal Oswal.

**B.** The following table gives the names of the listed entities where the Directors of the Company are Directors and the Category of their respective directorship as on 31.03.2020:-

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

Name of the Director	Name of the listed companies in which the Director of the Company is a Director	Category of Directorship in the listed companies
Sh. Ajit Singh Chatha	J. Kumar Infraprojects Limited	Independent Director
	Indian Acrylics Limited	Independent Director
	Nahar Industrial Enterprises Limited	Independent Director
	Steel Strips Wheels Ltd.	Independent Director
Dr. Suresh Kumar Singla	Nahar Industrial Enterprises Limited	Independent Director
	Nahar Poly Films Limited	Independent Director
	Nahar Spinning Mills Limited	Independent Director
	Nahar Capital & Financial Services Limited	Independent Director
Dr. Manisha Gupta	Nahar Poly Films Limited	Independent Director
	Nahar Spinning Mills Limited	Independent Director
	Nahar Capital & Financial Services Limited	Independent Director
Dr. Amrik Singh Sohi	Nahar Industrial Enterprises Limited	Independent Director
	Nahar Poly Films Limited	Independent Director
	Nahar Spinning Mills Limited	Independent Director
	Nahar Capital & Financial Services Limited	Independent Director
Sh. Alok Kumar Misra	IndiaBulls Ventures Limited	Independent Director
	The Investment Trust of India Limited	Independent Director

**C. SHAREHOLDING DETAILS OF DIRECTORS AS ON 31.03.2020:**

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

Name of Directors*	No. of Shares
Sh. Jawahar Lal Oswal	120059
Smt. Ruchika Oswal	343668
Smt. Monica Oswal	343667
Sh. Sandeep Jain	344
Sh. Rishabh Oswal	500
Sh. Dinesh Gogna	2000

\*None of the other Directors holds any share of the Company.

**D. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:**

The Company on appointment of an Independent Director, issues a formal Letter of Appointment setting out the terms of appointment, duties and responsibilities. The Company in terms of Regulation 25(7) of Listing Regulations, has also put in place a system to familiarize the Independent Directors of their roles, rights, responsibilities, nature of industry in which the Company operates, business model of the Company and the ongoing events relating to the Company. It aims to provide the Independent Directors an insight into the Company's functioning and to help them to understand its business in depth, so as to enable them to contribute significantly during the deliberations at the Board and Committee meetings. The details of Familiarization Programme imparted to Independent Directors during the year can also be accessed from <https://www.montecarlocorporate.com/Pdfs/Familiarization%20Program%202019-201594013103.pdf>

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

The Board comprises of qualified members who possess required skills, expertise and competencies that allow them to make effective contributions to the Board and its Committees.

The following skills / expertise / competencies have been identified for the effective functioning of the Company and are currently available with the Board:

- Business Dynamics, Research & Development and Innovation
- Strategy and planning
- Leadership / Operational experience
- Financial, Regulatory / Legal & Risk Management
- Corporate Governance

While all the Board members possess the skills identified, their area of core expertise is given below:

Name of Director	Area of Expertise
Sh. Jawahar Lal Oswal	Business Dynamics, Research & Development and Innovation, Strategy and Planning, Leadership/Operational experience, Financial, Regulatory/Legal & Risk Management, Corporate Governance.
Sh. Sandeep Jain	Business Dynamics, Research & Development and Innovation, Strategy and Planning, Leadership/Operational experience, Corporate Governance.
Smt. Ruchika Oswal	Business Dynamics, Research & Development and Innovation, Strategy and Planning.
Smt. Monica Oswal	Business Dynamics, Research & Development and Innovation, Strategy and Planning.
Sh. Rishabh Oswal	Business Dynamics, Research & Development and Innovation, Strategy and Planning, Leadership/Operational experience, Financial, Regulatory/Legal & Risk Management.
Sh. Dinesh Gogna	Strategy and Planning, Financial, Regulatory/Legal & Risk Management, Corporate Governance.
Sh. Paurush Roy	Business Dynamics, Research & Development and Innovation, Strategy and Planning, Financial, Regulatory/Legal & Risk Management.
Dr. Suresh Kumar Singla	Financial, Regulatory/Legal & Risk Management, Corporate Governance.
Sh. Ajit Singh Chatha	Leadership/Operational experience, Corporate Governance.
Dr. Amrik Singh Sohi	Leadership/Operational experience, Corporate Governance.
Sh. Alok Kumar Misra	Strategy and Planning, Leadership/Operational experience, Financial, Regulatory/Legal & Risk Management.
Dr. Manisha Gupta	Financial, Regulatory/Legal & Risk Management, Corporate Governance.

#### F. INDEPENDENT DIRECTORS CONFIRMATION BY THE BOARD

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

#### G. RESIGNATION OF INDEPENDENT DIRECTOR

None of the Independent Directors of the Company have resigned before the expiry of their tenure. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons, other than those provided by them is not applicable.

#### H. DIRECTORS' DIRECTORSHIPS/COMMITTEE MEMBERSHIPS

The number of Directorships and Committee positions held by the Directors are in conformity with the limits laid down in the Companies Act, 2013 and Listing Regulations, as on 31<sup>st</sup> March, 2020. As per Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 none of the directors were a member in more than ten committees, nor a chairman in more than five committees across all companies

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

#### I. BOARD MEETING PROCEDURES

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

#### J. INFORMATION SUPPLIED TO THE BOARD

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

## 2. COMMITTEES OF THE BOARD:

The Board of Directors has constituted various Committees of Board in accordance with the provisions of Companies Act, 2013 and the Listing Regulations to take informed 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 Audit Committee comprises of 5 (Five) members with the Chairman of the Committee being an Independent Director. During the year under review, the Audit Committee met on 4 (four) occasions viz. May 20, 2019; August 5, 2019; November 13 and February 06, 2020 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 composition of the Audit Committee as at 31.03.2020 and particulars of meetings attended by the members during the financial year 2019-20 are given hereunder:

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

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

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

The Chairman of the Audit committee was present at the last Annual General Meeting of the Company held on September 27, 2019 for addressing shareholders queries.

### Terms of Reference

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

### Power of the Audit Committee:

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

### Role of the Audit Committee

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Qualifications in the draft audit report.



5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. Looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. Reviewing the functioning of the Whistle Blower Policy / Vigil Mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### (B) Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of 3 (three) members (all are Non Executive Directors) and the Chairman of the Committee is an Independent Director. During the year under review, the Committee met only one time on May 20, 2019;. The necessary quorum was present at the meeting. The Company Secretary acts as the Secretary of the Committee. Dr. Suresh Kumar Singla, Chairman of the Audit Committee and Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company for addressing shareholders queries.

The composition of the Nomination and Remuneration Committee 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	0
2.	Sh. Dinesh Gogna	Member	Non-Executive	1
3.	Sh. Paurush Roy	Member	Non-Executive Independent	1

#### TERMS OF REFERENCE:

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

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of independent directors and the Board;
- Devising a policy on Board diversity;

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

#### PERFORMANCE EVALUATION:

In compliance with the requirements of the provisions of Section 178 of the Companies Act, 2013 and the listing regulations, the Company has devised a policy for performance evaluation of Independent Directors, Board, Committees and other Directors which includes criteria for performance evaluation of the non- executive directors and executive directors. The evaluation of the Independent Directors was carried out by the Board excluding the director being evaluated and that of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The exercise was carried out through a structured evaluation process covering various aspects of the Board's functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc. The performance was reviewed on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. The Directors express their satisfaction over the entire evaluation process.

#### REMUNERATION TO DIRECTORS:

The remuneration paid to Executive Directors is determined by the Nomination and Remuneration Committee subject to approval of Board that is subject to the limits laid down under Section 197 and Schedule V of the Companies Act, 2013 and in accordance with the terms of Appointment approved by the shareholders of the Company. The Non-Executive Directors have not been paid any remuneration except sitting fees for attending the Board Meetings. The details of remuneration paid to Directors during the Financial Year ended March 31, 2020 are as follows:

(₹ in Lakhs)

Name of the Director	Salaries, perquisites and Allowances	Commission	Sitting fees	Total
Sh. Jawahar Lal Oswal*	-	-	-	NIL
Sh. Sandeep Jain	199.35	-	-	199.35
Smt. Ruchika Oswal	92.08	-	-	92.08
Smt. Monica Oswal	97.84	-	-	97.84
Sh. Rishabh Oswal	114.61	-	-	114.61
Sh. Dinesh Gogna	-	-	1.00	1.00
Sh. Paurush Roy*	-	-	-	NIL
Sh. Ajit Singh Chatha	-	-	0.25	0.25
Dr. Suresh Kumar Singla	-	-	0.75	0.75
Dr. Manisha Gupta	-	-	1.00	1.00
Dr. Amrik Singh Sohi	-	-	0.25	0.25
Sh. Alok Kumar Misra	-	-	0.50	0.50

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

#### 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/ Independent Directors receives Sitting Fees for attending the Board Meetings. It is also to be noted that the transactions with other entities where Chairman & Managing Director/ Executive Directors are interested are being carried out by the Company in its ordinary course of business and on arm's length basis, in compliance with the laws applicable thereto.

#### CRITERIA FOR MAKING PAYMENTS TO DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

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

### (C) Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of 3 (Three) 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 20, 2019; August 5, 2019; November 13, 2019 and February 06, 2020. The necessary quorum was present at all the meetings. The Company Secretary of the Company acts as the Secretary of the Committee.

The Committee looks into various queries / issues relating to shareholders / investors including non-receipt of dividend, Annual Report etc., Mr. Ankur Gauba, 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, 2020:

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

#### Terms of Reference

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

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

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

There were zero (0) Complaints/ Queries pending as at March 31, 2020 and during the financial year 2019-20, only 2 Complaints/Queries were received and all were disposed off to the satisfaction of the Shareholders. No complaints remained unattended/ pending for more than thirty days. The Company has no share transfers/transmission pending as on March 31, 2020. Further, no shareholders complaint/ grievance were received under 'SCORES' during the Financial Year 2019-20.

### (D) Corporate Social Responsibility Committee:

The Board has constituted Corporate Social Responsibility (CSR) Committee in compliance with the provisions of Section 135 of the Companies Act 2013, comprising Sh. Jawahar Lal Oswal as Chairman, Sh. Dinesh Gogna and Dr. Suresh Kumar Singla as members. The Committee met twice during the year viz., August 5, 2019; November 13, 2019 and all the members of the Committee were present on both the occasions.

#### Terms of Reference:

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

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

**(E) Share Transfer Committee:**

Share Transfer Committee has been constituted to expedite and streamline the process of transfer /transmission/ dematerialization/ re-materialization etc. of the Equity Shares of the Company. The Committee comprises of Sh. Jawahar Lal Oswal as Chairman, Sh. Sandeep Jain and Sh. Dinesh Gogna as members. During the year under review, committee met only once viz. August 05, 2020

**Terms of Reference**

- To approve/register transfer or transmission of shares;
- Dematerialization / Rematerialization of shares;
- Issue of duplicate/split/consolidated share certificates;
- Review of cases for refusal of transfer/transmission of shares;
- To affix or authorize affixation of Common Seal of the Company to the share certificates of the Company;
- To issue share certificates in place of those which are damaged or in which the pages are completely exhausted provided the original certificates are surrendered to the company;
- Any other power specifically assigned by the Board of Directors of the Company from time to time by way of resolution passed by it in a duly conducted Meeting.

**The table below highlights the composition and attendance of the Members of the Committee as on March 31, 2020**

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

**(F) Independent Directors' Meeting**

During the year under review, a separate meeting of Independent Directors was held on November 13, 2019, interalia:-

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

All the Independent Directors were present at the meeting.

**3. SUBSIDIARY COMPANIES**

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

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

Year	Day and Date	Time	Venue	No. of Special Resolutions
2018-2019	Friday, 27 <sup>th</sup> September, 2019	11.00 A.M.	Registered Office of the Company situated at B-XXIX-106, G. T. Road, Sherpur, Ludhiana-141003.	5
2017-2018	Thursday, 27 <sup>th</sup> September, 2018	11.00 A.M.	Registered Office of the Company situated at B-XXIX-106, G. T. Road, Sherpur, Ludhiana-141003.	1
2016-2017	Friday, 29 <sup>th</sup> September, 2017	11.00 A.M.	Registered Office of the Company situated at B-XXIX-106, G. T. Road, Sherpur, Ludhiana-141003.	1

**B. POSTAL BALLOT/ EXTRA-ORDINARY GENERAL MEETING**

No Postal Ballot/ Extra-ordinary General Meeting has been done by company during the Financial Year 2019-20

**5. MEANS OF COMMUNICATION:**

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

**6. GENERAL SHAREHOLDER INFORMATION**

12 <sup>th</sup> Annual General Meeting	: Monday, 28 <sup>th</sup> Day of September, 2020 at 11:00 AM through VC/OAVM
Financial Year	: April 1, 2019 to March 31, 2020
Date of Book Closure	: September 22, 2020 to September 28 , 2020
Listing on Stock Exchanges	: The Equity Shares of the Company are listed on the following Stock Exchanges:-
	<b>BSE Limited (BSE)</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
	<b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Bandra – Kurla Complex, Bandra (E), Mumbai - 400 051.
ISIN	: INE950M01013
Stock Code/Symbol	: BSE- 538836 NSE-MONTECARLO

**Listing Fee / Annual Custody Fee:**

The Annual Listing Fee has been paid to BSE and NSE for the financial year 2020-2021. 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 2020-21.

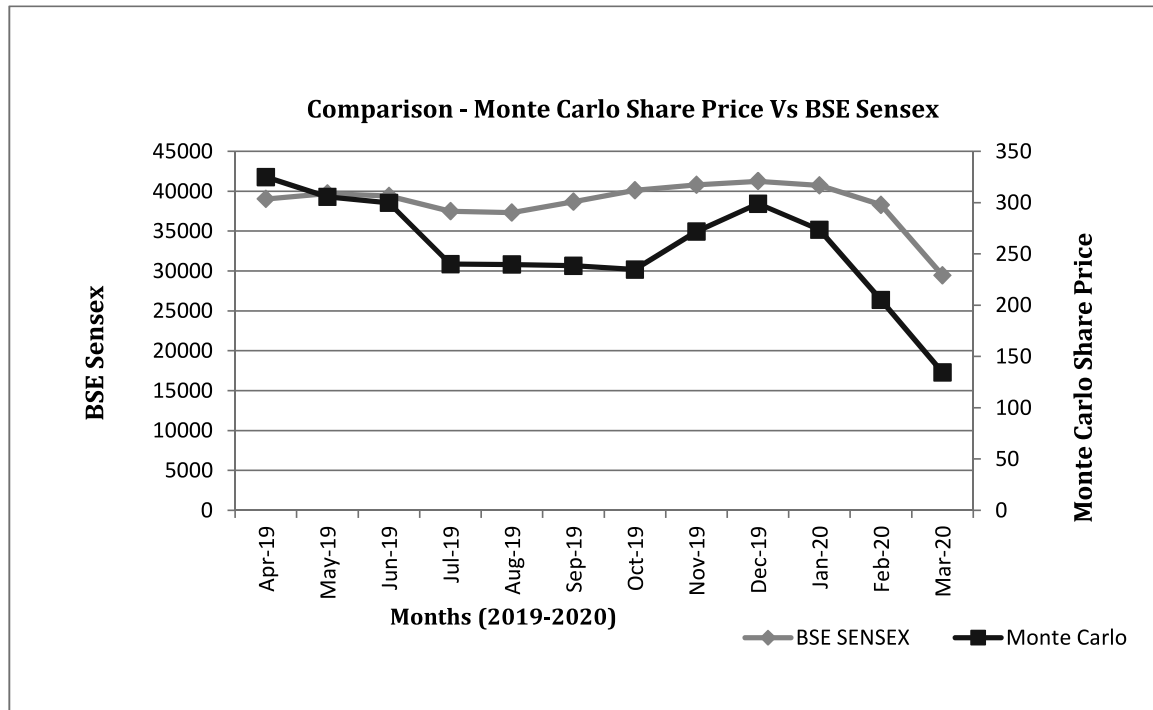
**Market Price Data:**

Market Price Data of Company's Equity Shares traded on BSE Limited, during the period April , 2019 to March, 2020:

Month	Share Price BSE			Volume No. of Shares	BSE SENSEX		
	High (₹)	Low (₹)	Closing (₹)		High	Low	Closing
April 2019	368.10	317.00	325.00	42388	39487.45	38460.25	39031.55
May 2019	328.10	278.10	305.70	45704	40124.96	36956.10	39714.20
June 2019	334.50	295.10	299.70	13068	40312.07	38870.96	39394.64
July 2019	311.70	234.00	240.05	44313	40032.41	37128.26	37481.12
Aug 2019	272.30	225.25	239.65	16225	37807.55	36102.35	37332.79
Sep 2019	280.90	228.15	238.40	18005	39441.12	35987.8	38667.33
Oct 2019	248.60	216.05	234.75	10020	40392.22	37415.83	40129.05
Nov 2019	295.70	229.40	271.75	19492	41163.79	40014.23	40793.81
Dec 2019	317.00	255.65	299.05	77992	41809.96	40135.37	41253.74
Jan 2020	308.75	271.05	273.50	17409	42273.87	40476.55	40723.49
Feb 2020	295.00	200.10	205.05	24116	41709.30	38219.97	38297.29
Mar 2020	217.00	129.20	134.55	25453	39083.17	25638.90	29468.49

(Market Price Data Source: [www.bseindia.com](http://www.bseindia.com))

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

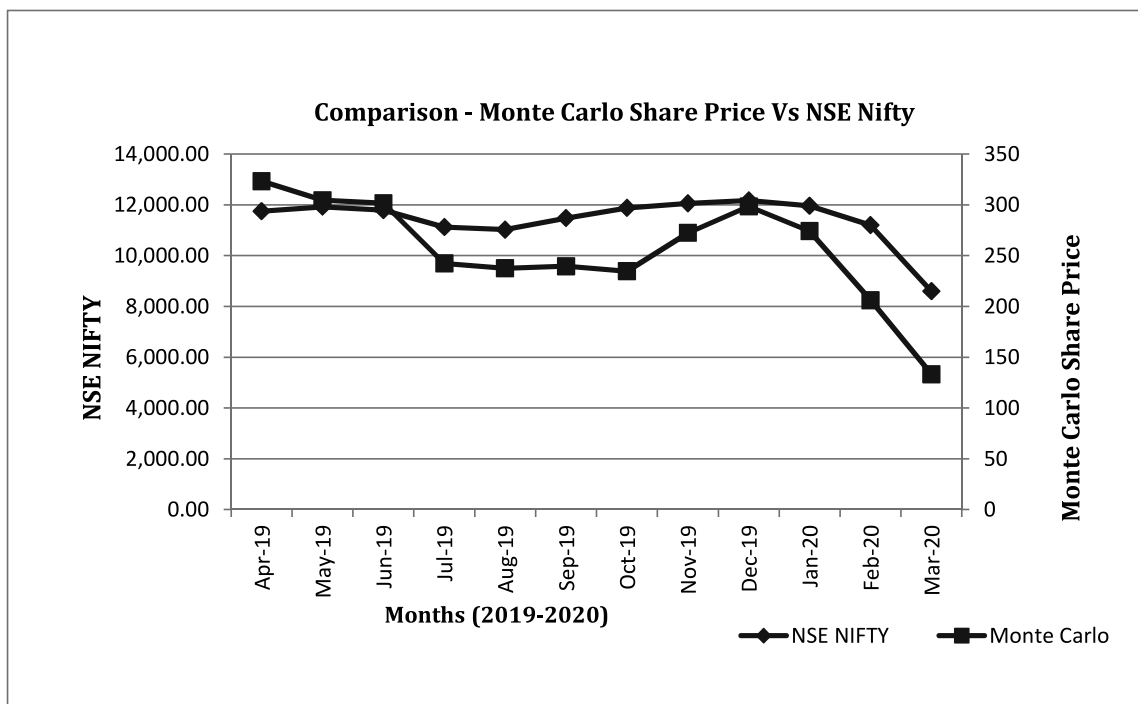


Market Price Data of Company's Equity Shares traded on National Stock Exchange of India Limited, during the period April, 2019 to March, 2020:

Month	Share Price NSE			Volume No. of Shares	NSE NIFTY		
	High (₹)	Low (₹)	Closing (₹)		High	Low	Closing
April 2019	367.15	315.10	323.30	6,91,867	11,856.15	11,549.10	11,748.15
May 2019	326.00	293.50	304.55	5,15,188	12041.15	11,108.30	11922.80
June 2019	319.10	295.00	301.55	1,90,446	12103.05	11,625.10	11788.85
July 2019	311.45	235.25	242.20	2,58,344	11981.75	10999.40	11118.00
Aug 2019	272.50	226.90	237.60	1,83,810	11181.45	10637.15	11023.25
Sep 2019	281.45	229.15	239.60	1,47,066	11694.85	10670.25	11474.45
Oct 2019	249.75	216.00	234.70	2,00,615	11945.00	11090.15	11877.45
Nov 2019	293.45	232.00	272.35	3,75,115	12158.80	11802.65	12056.05
Dec 2019	316.50	255.95	298.50	7,92,421	12293.90	11832.30	12168.45
Jan 2020	308.65	272.25	274.15	2,94,695	12430.50	11929.60	11962.10
Feb 2020	308.30	201.00	206.10	2,83,356	12246.70	11175.05	11201.75
Mar 2020	211.00	121.05	133.30	3,04,199	11433.00	7511.10	8597.75

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

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



**Registrar & Share Transfer Agent:**

**LINK INTIME INDIA PRIVATE LIMITED (DELHI OFFICE)**

**UNIT: MONTE CARLO FASHIONS LIMITED**

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

**Share Transfer System:**

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

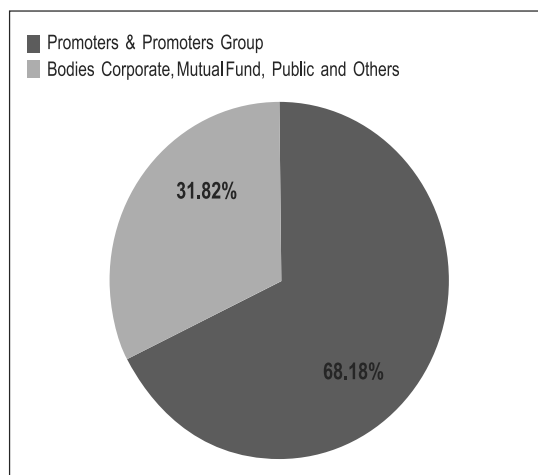
The Company also obtains a Certificate of Compliance with the share transfer formalities from a Practicing Company Secretary as required under Regulation 40(9) of Listing Regulations (erstwhile Clause 47 (c) of the Listing Agreement) and have submitted a copy of the said certificate with the Stock Exchanges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

**Distribution of Shareholding as on March 31, 2020:**

S. No.	Distribution of No. of Shares	No. of Shareholders	% age of No. of Shareholders	No. of Shares held	% age of shares held
1	1-1000	35279	98.76	2115914	10.21
2	1001-5000	359	1.01	683129	3.30
3	5001-10000	38	0.11	277367	1.34
4	10001 & Above	46	0.13	17655654	85.16
	<b>Total</b>	<b>35722</b>	<b>100.00</b>	<b>20732064</b>	<b>100.00</b>

**Shareholding pattern as on 31.03.2019:**

Category	No. of Shares	% age
<b>Promoters &amp; Promoters Group</b>	14078979	68.18
<b>Bodies Corporate, Mutual Fund, Public and Others</b>	6653085	31.82



**Dematerialization of Equity Shares and Liquidity:**

About 99.97% of the total equity share capital of the Company (20,725,261 Equity Shares) 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. The Company's shares are liquid and actively traded on both the Stock Exchanges i.e. NSE and BSE.

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

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds in India or abroad during the financial year ended 31st March, 2020. The ratings given by ICRA Limited for short-term borrowings is (ICRA) A1+ (pronounced ICRA A one plus) and long-term borrowings



of the Company is (ICRA) AA- (pronounced double A minus) respectively. There was no revision in the said ratings during the year under review.

**Reconciliation of Share Capital Audit:**

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

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

**Plant Locations:**

The manufacturing plants of the company located at:

1. B-XXIX-106, G.T.Road, Sherpur-Ludhiana
2. 231, Industrial Area-A-Ludhiana
3. Plot No-425 & 427, Near Textile Colony-Ludhiana
4. G.T.Road, Millerganj, -Ludhiana

**Address for Correspondence:**

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

The Company has maintained an exclusive email id: [investor@montecarlocorporate.com](mailto: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).

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

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

**7. CODE OF BUSINESS CONDUCT & ETHICS**

The Company has adopted a Code of Business Conduct & Ethics for all employees and for members of the Board and Senior Management Personnel. The Company through its Code of Conduct provides guiding principles of conduct to promote ethical conduct of business, confirms to equitable treatment of all stakeholders, and to avoid practices like bribery, corruption and anti – competitive practices.

All members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for Board and Senior Management for the financial year 2019-20. The declaration to this effect signed by Mr. Jawahar Lal Oswal, Chairman and Managing Director of the Company is annexed to this report as Annexure 'A' The Code of Conduct for employees and the Board and Senior Management has clear policy and guidelines for avoiding and disclosing actual or potential conflict of interest with the Company, if any.

**8. 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. 40 in "Notes forming part of the Accounts" annexed to the Financial Statements for the year ended 31<sup>st</sup> March, 2020. All the related party transactions were in the ordinary course of business and on Arm's length basis and are not in conflict with the interest of the Company.

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

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

- **Vigil Mechanism / Whistle Blower Policy**

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

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

As on March 31, 2020, 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 <https://www.montecarlocorporate.com/Pdfs/RELATED-PARTY-TRANSACTION-POLICY1574676627.pdf>.

- **Other policies:**

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

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

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

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

- **Recommendations of Committees of the Board**

There were no instances during the financial year 2019-20, wherein the Board had not accepted recommendations made by any committee of the Board.

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

Total fees of ₹ 46,81,707 (Rupees Forty Six Lakhs Eighty One Thousand Seven Hundred Seven only) for financial year 2019-20, for all services, was paid by the Company on a consolidated basis to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

- **Secretarial Compliance Report**

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

- **CEO/CFO Certification**

As required under Regulation 17 of the Listing Regulations, the CEO/CFO certificate for the financial year 2019-20 signed by Mr. Jawahar Lal Oswal, Chairman and Managing Director and Mr. Raj Kapoor Sharma, Chief Financial officer was placed before the Board of Directors of the Company at their meeting held on 7<sup>th</sup> August, 2020 and is annexed to this Report as Annexure 'A'. The said certificate forms part of this report.

- **Certificate From Practicing Company Secretary**

Certificate as required under Part C of Schedule V of Listing Regulations, received from Shri P.S. Dua of M/s P.S. Dua & Associates (C.P. 3934), Practicing Company Secretary, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority was placed before the Board of Directors at their meeting held on 7<sup>th</sup> August, 2020 and is set out as Annexure 'B' to this Report. The said certificate forms part of this report

- **Compliance Certificate On Corporate Governance**

As required by Schedule V of the Listing Regulations, the Auditors Certificate on Corporate Governance is annexed to this Report as Annexure 'C'. The said certificate forms part of this report.

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

The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment at workplace. The details relating to the number of complaints received and disposed of during the financial year 2019-20 are as under:

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

- **Appointment of Nodal Officer**

In accordance with IEPF Rules, the Board of Directors have appointed Mr. Ankur Gauba Company Secretary of the Company, as the Nodal Officer for the purposes of verification of claims and coordination with IEPF Authority. The Details of the Nodal Officer are available at the website of the Company at <https://www.montecarlocorporate.com/investor-relation/shareholding-information>.

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

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

**The Board**

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

**Shareholders rights**

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

**Modified opinion(s) in audit report**

There is no modified opinion in the audit report

**Reporting of Internal Auditor**

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

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

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

- Board of Directors
- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Risk Management Committee – Not Applicable
- Vigil Mechanism
- Related Party Transactions

- Corporate governance requirements with respect to subsidiary of Company - Not Applicable
- Obligations with respect to Independent Directors
- Obligations with respect to Directors and senior management
- Other Corporate governance requirements as stipulated under the Regulations
- Dissemination of various information on the website of the Company w.r.t clauses (b) to (i) of Regulation 46(2).
- **Non-compliance of any requirement of corporate governance report with reasons thereof**  
The Company has complied with all the requirements of Corporate Governance Report from sub-paras (2) to (10) of Part C of Schedule V of SEBI LODR Regulations, 2015
- **Disclosure with respect to demat suspense account/unclaimed suspense account**
  - (a) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year: Nil
  - (b) Number of shareholders who approached listed entity for transfer of shares from suspense account during the year: Nil
  - (c) Number of shareholders to whom shares were transferred from suspense account during the year: Nil
  - (d) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year: Nil
  - (e) That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares: Not Applicable  
All the shares of the Company has already been allotted to the eligible allottees, hence there is no demat suspense account/unclaimed suspense account

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

**Place: Ludhiana**  
**Date : 07.08.2020**

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

**Annexure A to Report on Corporate Governance for the financial year ended 31<sup>st</sup> March, 2020**

**DECLARATION REGARDING COMPLIANCE WITH CODE OF BUSINESS CONDUCT & ETHICS**

As provided under Regulation 26(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with Monte Carlo Fashions Limited Code of Business Conduct and Ethics for the year ended March 31, 2020.

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

**Place: Ludhiana**  
**Date : 07.08.2020**

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

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**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, 2019 and that to the best of our knowledge and belief:
- 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March, 2020 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 : 07.08.2020**

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

**Raj Kapoor Sharma**  
**Chief Financial Officer**

**Annexure B to Report on Corporate Governance for the financial year ended 31<sup>st</sup> March, 2020**
**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS  
 (Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
 (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To  
 The Members  
 Monte Carlo Fashions Limited

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending as on 31.03.2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in company
1.	Sh. Jawahar Lal Oswal	00463866	01.07.2008
2.	Sh. Sandeep Jain	00565760	01.07.2008
3.	Smt. Ruchika Oswal	00565979	30.10.2010
4.	Smt. Monica Oswal	00566052	30.10.2010
5.	Sh. Rishabh Oswal	03610853	25.05.2018
6.	Sh. Dinesh Gogna	00498670	01.07.2008
7.	Sh. Alok Kumar Misra	00163959	09.08.2016
8.	Sh. Suresh Kumar Singla	00403423	27.06.2014
9.	Sh. Ajit Singh Chatha	02289613	21.03.2014
10.	Sh. Paurush Roy	03038347	05.06.2012
11.	Sh. Amrik Singh Sohi	03575022	01.02.2016
12.	Smt. Manisha Gupta	06910242	27.06.2014

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

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

**Place: Ludhiana  
 Date : 07.08.2019**

**P.S. Dua  
 Proprietor  
 (Membership No. FCS 4552)  
 (Certificate of Practice No. 3934)  
 UDIN: F004552B000557709**

**Annexure C to Report on Corporate Governance for the financial year ended 31<sup>st</sup> March, 2020**

**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<sup>st</sup> March 2020, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule-V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR').

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, as adopted by the Company for ensuring the compliance of 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 and representations, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above said provisions of LODR.

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

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

**Place: Ludhiana  
Date : 07.08.2019**

**P.S. Dua  
Proprietor  
(Membership No. FCS 4552)  
(Certificate of Practice No. 3934)  
UDIN: F004552B000557709**

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDIAN ECONOMIC OVERVIEW

India has been consistently registering 6-7% GDP growth in the last decade. However, FY2020 has been a challenging year with the slowdown in various industries, NBFC crisis and deferred discretionary spending. COVID-19 pandemic pushed the economic growth further under pressure with the economy growth decelerating to 4.2% in FY2020.

The Index of consumer durables and consumer non-durables segment production witnessed a growth of 5.5% and 4% in FY2020. Headline inflation in FY2020 averaged 3.4%.

COVID-19 had an unprecedented impact on the economy in the Last Quarter of FY2020. The Indian Government also announced a nationwide lockdown with limitations on the free movement of people and resources. The pandemic and the resultant lockdown in March brought all business activity to a standstill. Due to India's nationwide lockdown, the shutdown in business activities impacted the production activities and created a massive loss for industries.

### THE TEXTILE INDUSTRY IN INDIA

The textile and apparel industry is a key contributor to India's GDP. The sector accounts for 2% of India's GDP and about 13% of India's export earnings. It is a major employer with an estimated 45 million direct labour and 60 million workers in the allied sector. India is the world's largest cotton producer and the second-largest cotton synthetic fibre producer.

The apparel industries can be generally divided into two segments — yarn and fibre, and fabrics and apparel manufactured. Increased organized retail penetration, favourable demographics and increasing income rates are likely to boost demand for textiles.

The fashion and clothing sectors make up 14% of the country's overall exports. India is the second-largest garment manufacturer and exporter after China, and the fourth-largest apparel producer and exporter after Taiwan, Bangladesh and Vietnam.

The Indian textile industry is highly diverse, with the hand-spun and hand-woven textile industries at one end of the spectrum, and at the other end of the spectrum, the capital-intensive sophisticated milling market. The decentralized power looms / hosiery, and knitting sector form the textiles sector's largest portion.

In the Union Budget FY2019-20, Government of India allocated around US\$ 691.3 million for the Ministry of Textiles. Integrated Wool Development Programme has been allocated US\$ 4.1 million in the Union Budget FY2019-20 with an allocation of US\$ 2.9 million for the Scheme for Integrated Textile Parks.

COVID-19 has opened new markets for important categories of items such as Masks, PPE and other Meditech items. India is heavily dependent on imports of raw materials for high value-added synthetic products. With supply chain disruption in China, the global textile industry is expected to experience a vacuum for these raw materials in the post-COVID-19 era. With the right infrastructure and capabilities, Indian Textile players stand to gain owing to the abundance of natural raw materials, a young workforce and end-to-end value chain capabilities.

### INDIAN APPAREL MARKET

The domestic Indian apparel market can be broadly classified into men's wear, women's wear and Kidswear. Currently, men's wear holds the largest share in the apparel market, accounting for 42% of the market. Women's wear contributes almost 37%, while Kids wear contributes the balance 21% of the market.

The domestic apparel market can also be broadly divided by price into a super-premium, premium, medium, economy, and value segment. The medium price segment holds the majority of the share among the apparel segment, followed by the economy segment. Our Company deals in the mid premium range product category. The price-sensitive rural population forms a significant part of the value and economy price segments of the apparel market. Furthermore, driven by the twin trends of premiumisation and value consciousness, the mid-market segment is being squeezed on both sides by the value and the premium segments.

The growth in the sector can be attributed to 1) rising per capita disposable income, 2) changing fashion trends, 3) growing consumer class, 4) rising urbanization, 5) increasing retail penetration, 6) growing service class and 7) increasing share of the designer wear. Due to the low investments required for setting up a garment unit, many small players have entered the industry, making it highly fragmented.

### FASHION AND LIFESTYLE MARKET

In recent years, India's fashion retail sector has experienced numerous changes and challenges but has nevertheless steadily expanded. This rise is reflective of the country's changing tastes for fashion and lifestyle. Value fashion is a promising segment in the fashion retail sector with the potential to attract a broader customer base and reach more suitable geographies.

Popular and mass-priced products possibly constitute over 75% of the total fashion market in India. Online and offline fashion players are increasing focus on building private labels and in-house brands to provide differentiated offerings to discerning customers. Private labels have additional inherent advantages such as lower concept to customer time, faster execution vis-à-vis dealing with third party brands, better control over quality & pricing and better margins.

<sup>1</sup>Ministry of Textile, government of India.



There is also a growing emphasis on enriching customer experience. Window displays, in-store ambience, coordinated product displays, lighting, music and communication, help build brand presence and awareness. New visual merchandising forms a key element in enhancing customer experience. Growing awareness, coupled with the entry of international players in the industry, is spotlighting visual merchandising as a basic proposition of retail.

Monte Carlo fashions limited has pushed the envelope on high street fashion. With diversified product portfolio and wide distribution channels the company is catering to the ever-growing demand of the clothing and fashion industry.

## **COVID19 BUSINESS IMPACT**

The Company had temporarily closed its manufacturing facilities, corporate office, and retail stores from March 23, 2020, to prevent the spread of Novel Coronavirus ("Covid-19"). The Company post receipt of approval from concerned authorities in the State of Punjab subject to fulfilment of certain conditions has partially resumed operations of its manufacturing facility at Ludhiana, Punjab from April 21, 2020.

In-line with the Government's safety and security norms from Covid-19, the Company's offices and factory's is now operational. Your Company has been pursuing government guidelines on healthy work practices for all our workers from the start of the pandemic.

The Company has taken various measures to take care of the livelihoods of workers and their safety and security. The steps include providing masks, hand sanitizers, disinfectants, conducting regular temperature checks and being very vigilant on workers and essential visitors at the operational facilities. The Company has also emphasised on providing medical facilities to workers inside the factory premises, and sanitization and fumigation in the whole factory. Your Company has ensured that employees of its Clearing and Forwarding Agents (C&F agents) and distributors' frontline field forces are observing necessary safety precautions.

The situation is unprecedented, and the impact is uncertain. However, notwithstanding this uncertainty over the medium to long term, India is expected to return to a strong growth trajectory. This, given the underlying growth drivers, including favourable demographics, increasing per capita & disposable income and growing consumption.

The Company is confident in the underlying strength of its business model, and that its medium-term liquidity needs are well covered. The Company continues to enjoy a comfortable net cash position. With adequate banking limits in place, the Company's ability to service its debts and financing obligations on time remains unaffected.

## **COMPANY OVERVIEW**

Monte Carlo Fashions Ltd is recognized as "Superbrand" for woollen knitted apparel in edition(s) of Consumer Superbrands India. It has a Presence across India through a judicious mix of EBOs, MBOs and Shops in shop, distributors and national chain stores and online Located in 20 states & 3 union territory. It has a strong design team of over 30 professionals closely tracking the trending global fashion.

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

## **BUSINESS OVERVIEW**

### **OVERVIEW OF PRODUCT CATEGORIES**

The Company has a Range of Products under the "Monte Carlo" brand:

- 'Luxuria' is the premium range for Menswear.
- Denim' is an exclusive range for denim apparel.
- 'Alpha' is the exclusive range for Womenswear.
- 'Tweens' is an exclusive range for Kidswear.
- 'Cloak & Decker' is the economy range for Menswear.
- 'Rock-It' is the premium range for Sports & Fitness wear.

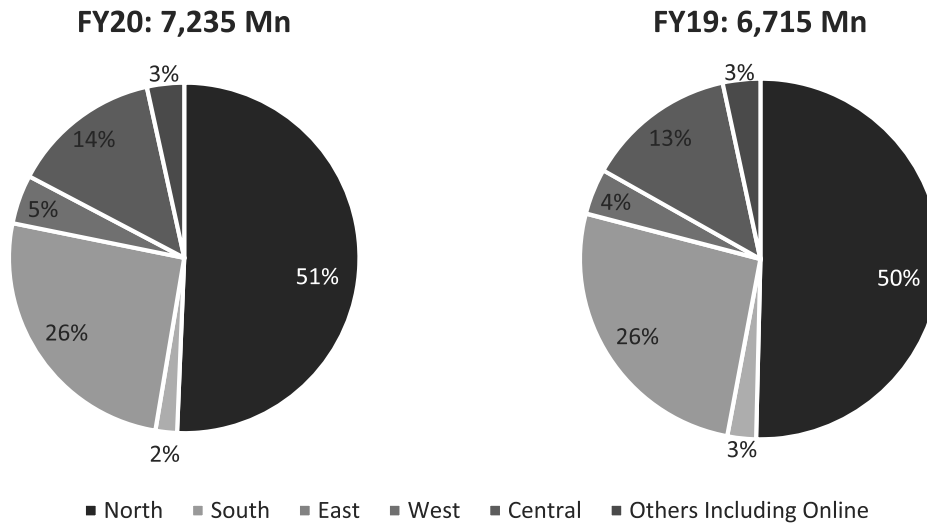
## **PRODUCT LAUNCHES**

The Company's product development team in May 2020, launched a new range of products in the Medical Textile Range, i.e. Face Masks (3 PLY Masks, KN95 Mask and N95 Mask) and Personal Protective Equipment (PPE Kit), considering its shortage and massive demand from medical workers and the general public due to Novel Coronavirus (COVID19)

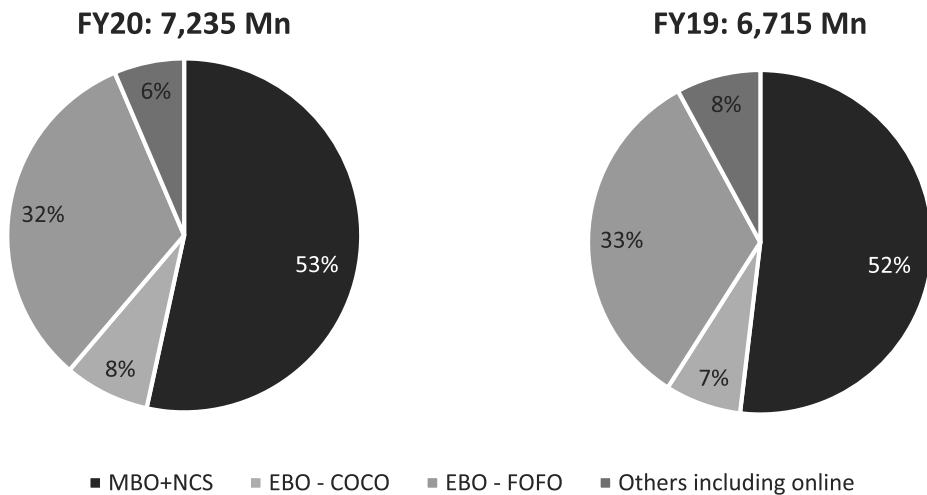
**REGION & PRODUCT WISE REVENUE BREAKUP**

Monte Carlo was initially launched as an exclusive Woollen brand. The Company has a well-diversified presence across various categories such as Cottons, Woollens, Home Furnishings and Kids etc. Currently, Cotton wears contribute around ~58% of the Company's total revenues. Historically, the Company's presence has been strong in the Northern and Eastern region of India.

**REVENUE BREAKUP - REGION WISE**



**REVENUE BREAKUP - CHANNEL WISE**



**THE MONTE CARLO ADVANTAGE**

• **Marketing Initiatives**

The Company's products reach the end-user through different channels, i.e. through Exclusive Brand Outlets, Multi Brand Outlets. Currently, Monte Carlo is available through more than 200 Exclusive Brand Outlets & over 1300 Multi Brand Outlets. The Company has also featured as a Clothing partner in various Films and reality shows and even have strategic tie-ups with various Airlines and Multiplexes. The Company appointed Andre Russell (Cricketer) as Monte Carlo's new brand ambassador. Andre Russell will feature in brand campaigns endorsing the 'Rock It-India's premium fitness brand across the country.

- **Distribution Centers**

Your Company's key strength is wide and growing distribution network with a diversified presence across India. The Company has a presence through 2500 plus MBO's, 278 EBOs and 566 NCS outlets. A significant contribution to the Company's revenue comes from MBOs and franchise EBOs where the company primarily sell on a pre-ordered outright basis. By this business model, there is no significant inventory risk, and the Company remains adequately protected from normal hazards of the branded apparel business

The Company continues with its endeavour to build a leading branded apparel company which can fulfil all the requirements of an individual's wardrobe. Monte Carlo has successfully positioned itself as a lifestyle brand with a well-diversified product offering. Your Company has started sales through the Shop-in-Shop (SIS) model as well, with a focus on the expansion of its retail network.

- **Online Presence**

Your Company is focusing on Online sales through its own portal as well as tie-ups with e-commerce portals such as Flipkart, Jabong, Myntra, Amazon and Kapsons. The focus is on building a comprehensive range of Cotton and cotton-blended products which cater to all seasons in-order to expand its all-season product range and strengthen pan-India operations.

- **Updated Technology**

To meet the standards of technology upgradation and modernisation, the Company has installed the automatic whole-garment state-of-art manufacturing facility, at the existing Ludhiana's unit. This technology can knit an entire piece which provides a seam-free fit and comfort, unmatched by any other knitwear. This helps in the elimination of multiple manufacturing processes, thereby reducing the wastage and increasing efficiency. The Company currently has 30 professionals closely tracking the trending global fashion.

## OPPORTUNITIES

- **Increasing brand awareness and Scale up potential**

For Indian consumers, value fashion remains the preferred segment as India's purchasing power lies in the low- to middle-income segment and will continue to remain so. With rise in purchase frequency (fast fashion) and two-thirds of the sector still unorganised, Increase in fashion and brand consciousness making consumers more aspirational and discerning.

- **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.

## RISKS & CONCERN

Risk Management is an ongoing process within the Organization. Your company has a robust risk management framework to identify, monitor and minimize risks. The Board has the policy to oversee the risk mitigation performed by the executive management, which includes identification, assessment, monitoring and reporting of risks.

- **Regulatory risk Legal and tax compliance**

Changes in regulatory and tax environment can lead to increased costs, erosion of margins & cash flows and potential fines or reputational damage. However, your company has a zero-tolerance approach towards compliance of all regulatory requirements—the company closely monitor upcoming regulations to prepare itself well in advance and avoid business disruptions.

- **Heavy Discounts**

All the leading brands, i.e. Indian and International, are going for early discounts/sales. The people are getting used to the discounting trend both online and offline. In such a scenario to keep the walk-ins intact, every brand has to offer a discount, and no brand can survive without discounts. The company expects that going forward also the discounting sales will continue in the same fashion or may rise.

- **Seasonal nature of business**

Woollen knitted garments contribute around one-third of total sales. This leads to the highly seasonal nature of the business, with the majority of the yearly turnover accruing during the third quarter of the financial year. However, the Company has been focusing on Cotton and cotton-blended apparel and diversifying the product range to include home furnishings and kids' apparel. With this, the seasonal nature of business is expected to diminish over the coming years.

## GOVERNMENT INITIATIVES

The Indian government has come up with several export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the sector under the automatic route.

In September 2019, textiles export witnessed a 6.2 per cent increase post-GST as compared to the period pre-GST. The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of Textiles Industry - readymade garments and made-ups - from two per cent to four per cent.

During the COVIDera, To give a boost, the Government has initiated several interim measures to support challenged parts of the society and introduced economic measures aimed at alleviating the distress faced by businesses. The government introduced 10% of GDP support package, including fiscal and monetary support as well as guarantee schemes. The RBI cut policy rates, and injected liquidity (about 4% of GDP), through long term repo operations, and softened prudential norms.

Retailing of non-essential products was prohibited, and various restrictions continue to be in force, even post resumption of economic activities by various states. Pent-up demand from postponed consumption and inventory restocking will boost activity. Lower oil prices will be a boon for companies, inflation, and the current account deficit.

With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade. The future for the Indian textiles industry looks promising, buoyed by strong domestic consumption as well as export demand.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

A properly designed and consistently enforced system of operational and financial control helps the Company's Board of Directors and management to safeguard the resources, produce reliable financial reports, and comply with laws and regulations. Effective internal control also reduces the possibility of significant errors and irregularities and assists in their timely detection when they do occur. The internal Auditors regularly monitors and evaluate the efficiency and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and also ensures that the internal control systems are properly followed by all concerned departments of the Company. Significant audit observations and corrective actions are taken thereon are presented to the Audit Committee of the Board.

## HUMAN RESOURCE & INDUSTRIAL RELATIONS

The Company has an excellent track record of cordial and harmonious industrial relations and, over the years, not a single man-day was lost on account of labour unrest. In view of its aggressive growth plans, the Company enhanced its focus on improving human resource productivity and efficiency. The Company is of the firm belief that human resource is the driving force that propels a Company towards progress and success. The Company is committed to the development of its people. The total permanent employee's strength of the Company was 1839 as on March 31, 2020. The Industrial relations were cordial and satisfactory.

## OPERATIONAL PERFORMANCE & FINANCIAL REVIEW

The cotton share has been maintained over 60% of total FY2020 revenue, reflecting a shift towards Cotton from the Woollen segment. The Textile and Kids segment also delivered robust growth during the FY2020. The Company is able to sustain stable working capital whilst achieving a 11% growth in revenues.

The consolidated Revenues, EBITDA and PAT, were at ₹ 72,561.32 Lakhs, ₹ 13,594.31 Lakhs and ₹ 6,269.01 Lakhs, respectively in FY 2020. The strong balance sheet is reflected by healthy cash & cash equivalents of ₹ 15,454.10 Lakhs (includes cash and bank balance along with current and non-current investments).

The detailed operational performance has already been discussed in the Director's Report under the Section 'Performance Review'.

## FUTURE OUTLOOK

Given the uncertainty generated by the continually evolving COVID-19 pandemic, it is not appropriate to provide guidance for the upcoming fiscal year at this stage. The Company has implemented stringent cost control measures across the organization to conserve cash to address any evolving situation resulting from the pandemic. The Company can sustain robust growth without any significant Capex and is fully geared to withstand the challenges as the situation unfolds on the back of its financial and operational strengths.

The Company's future growth strategy is to focus more on Cotton & Cotton-blended apparel catering to all seasons and expansion of its retail distribution network. The Company is expanding presence in western and southern markets as well as expanding its product offerings in home furnishing and kids in order to reduce the overall seasonality impact. While the Company already having a pan-India presence, it is looking to penetrate further in the western and southern regions of India.

Your Company has a comprehensive range of woollens, cottons, and Cotton blended, knitted and woven apparels for Men, Women and Kids under the umbrella brand Monte Carlo. Your Company has successfully positioned itself as a lifestyle brand with a well-diversified product offering.

**SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS**

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

Ratio	Unit	FY 2019-20	FY 2018-19	% Change
Debtors Turnover	times	3.07	3.20	-3.98
Inventory Turnover	times	3.35	2.48	35.17
Interest Coverage Ratio	times	5.35	8.86	-39.59
Current Ratio	times	2.37	2.08	13.77
Debt Equity ratio	times	0.21	0.10	109.38
Operating Margin	%	12.56	12.10	3.86
Net Margin	%	8.65	9.10	-4.88
Return on Net Worth	%	11.50	12.32	-6.67

The Inventory Turnover Ratio has improved by 35.17% due to increase in sales by 10.59 %. The Interest coverage ratio has decreased by 39.59% and debt equity ratio is higher by 109.38% due to increase in finance cost by ₹ 652.53 Lakhs and increase in debt by ₹ 8038.56 Lakhs respectively due to implementation of IND AS 116 as per law for lease accounting. Your management is quite optimistic that the performance will improve in the near term.

**CAUTIONARY STATEMENT**

This document contains statements about expected future events, financial and operating results of Monte Carlo, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Monte Carlo, FY2020.

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

**Place: Ludhiana**  
**Date :07.08.2020**

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

## BUSINESS RESPONSIBILITY REPORT

[See Regulation 34(2)(f)]

### About Monte Carlo Fashions Limited

Monte Carlo Fashions Limited is one of India's leading lifestyle fashion retail company and is recognized as Superbrand for woollen knitted apparel in edition(s) of Consumer Superbrands India.

The Company has presence across India through a judicious mix of EBOs, MBOs and Shops in shop, distributors and national chain stores located in 20 states & 3 union territory. The Company also has a strong online presence with a focus on its own portal sales. With a diversified product portfolio and wide distribution channels, the Company is catering to the ever-growing demand of the clothing and fashion industry.

Monte Carlo Fashions is committed to manage its operations including the deployment of resources using principles of sustainable development to minimize the impact on the environment and protect health & safety of its employees, service providers, neighbouring communities and customers. The Company's approach to sustainable development is incorporated into its business strategy. An integral part of that sustainable journey is its continuous endeavour to protect the environment through conservation of water and energy, minimization of waste and its environmentally sound disposal.

### About This Report

The Securities and Exchange Board of India (SEBI) as per its (Listing Obligations and Disclosure Requirements) Regulations, 2015 and notification dated December 26, 2019 has mandated the inclusion of a Business Responsibility Report" (BRR) as part of Company's Annual Report for top 1000 listed entities based on market capitalization at the Bombay Stock Exchange Ltd. (BSE) and the National Stock Exchange of India Ltd. (NSE).

The reporting framework is based on the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)" released by the Ministry of Corporate Affairs, Government of India, in July 2011 which contains 9 Principles and Core Elements for each of those 9 Principles. Following is the Business Responsibility Report of our Company based on the format suggested by SEBI. Detailed Business Responsibility Report for 2019-20 (available at [www.montecarlocorporate.com](http://www.montecarlocorporate.com)) is based on the 9 Principles enshrined in the NVGs.

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company: L51494PB2008PLC032059
- Name of the Company: Monte Carlo Fashions Limited
- Registered address: B-XXIX-106, G.T. Road, Ludhiana, Punjab-141010
- Website- [www.montecarlocorporate.com](http://www.montecarlocorporate.com)
- E-mailid- [investor@montecarlocorporate.com](mailto:investor@montecarlocorporate.com)
- Financial Year reported: 2019-20
- Sector(s) that the Company is engaged in (industrial activity code-wise) Manufacture of Knitted and Crothetd Apparel : 143

(As per national industrial classification - Ministry of Statistics and programee implimentation)

- List three key products that the Company manufactures (as in balance sheet)  
The Company is engaged in manufacturing of desingner woolen / cotton readymade apparels
- Total number of locations where business activity is under taken by the Company
  - Number of International Locations : 1. (Nepal)
  - Number of National Locations -

Manufacturing Facilities	4
Multi-brand Outlets	2500+
Exclusive Business Outlets	278
National Chain Store	566
Shop-in-Shop Stores	126

- Markets served by the Company : The Company serves Local/State/National/International levels

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid-up Capital(INR): ₹ 2,073.21 Lakhs
- Total Turnover(INR): ₹ 72,561.32 Lakhs

3. Total profit after taxes(INR) : ₹ 6,269.01 Lakhs
4. Total Spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax(%):  
During the year under review, the Company has spent ₹ 162.48 Lakhs on CSR activities (equivalent to 2% of the average net profits of the Company made during the three immediately preceding financial years), as calculated under section 198 of the Companies Act, 2013 (“the Act”)
5. List of activities in which expenditure in 4 above has been incurred:-  
The CSR Activities of the Company are detailed at Annexure E to the Director’s report in the Annual Report for Financial Year 2019-20

**SECTION C: OTHER DETAILS**

1.	Does the Company have any Subsidiary Company/Companies?	<b>NO</b>
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiarycompany(s).	<b>N.A.</b>
3.	Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	<b>N.A.</b>

**SECTION D: BUSINESS RESPONSIBILITY INFORMATION**

1. Details of Director/Directors responsible for BR :
  - a. Details of Director/Directors responsible for Implementation of BR Policy

No.	Particulars	Details of Director
1	DIN Number	00565760
2.	Name	Sh. Sandeep Jain
3.	Designation	Executive Director

- b. Details of the BR head

No.	Particulars	Details of Director
1	DIN Number	00565760
2	Name	Sh. Sandeep Jain
3	Designation	Executive Director
4	Telephone number	0161-5066628
5	e-mail id	sandeep@owmnahar.com

2. Principle-wise (as per NVGs) BR Policy /policies

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the well-being of all employees.
Principle 4 (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5 (P5)	Businesses should respect and promote human rights.
Principle 6 (P6)	Business should respect, protect, and make efforts to restore the environment.
Principle 7 (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of compliance

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders? Refer Note 1	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any National/international standards? If yes, specify? Refer Note 2	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director? Refer Note 3	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/Director/Official to over see the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Has the policy been formally communicated to all relevant internal and external stakeholders? Refer Note 4	Y	Y	Y	Y	Y	Y	Y	Y	Y
7.	Does the Company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have a grievance redressal mechanism related to the policy/policies to address 'stakeholders' grievances related to the policy/policies? Refer Note 5	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? Refer Note 6	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Indicate the link for the policy to be viewed online?	<a href="https://www.montecarlocorporate.com/investor-relation/policies-code">https://www.montecarlocorporate.com/investor-relation/policies-code</a>								

**Notes:-**

- The policies have been formulated by taking inputs from the concerned internal stakeholders and are updated regularly in light of changing scenario and suggestions. However, there is no formal consultation with external stakeholders.
- The policies are based on and are in compliance with the applicable regulatory requirements and national/international level standards. The spirit and content of the Code of Conduct and all the applicable laws and standards are captured in the policies articulated by the Company.
- The policies have been approved by Board in their meeting held on August 7, 2020 and have been duly signed by the Chairman and Managing Director of the Company
- The policies will be communicated to key internal stakeholders of the Company. The BR policies are communicated through this report and also through the website of the company.
- Any grievance/feedback related to the policies can be sent to the Company at investor@montecarlocorporate.com by the stakeholders.
- Yes, the Policies are evaluated internally and updated/amended as per the changed business scenario.

(b) If the answer to the question at serial number 1 against any principle, is " No", please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	NOT APPLICABLE								
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or man power resources available for the task									
4	It is planned to be done within the next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									



2. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

Pursuant to amendments in the SEBI (LODR) Regulations, 2015 effective from 26th December, 2019, top 1000 companies based on market capitalization are required to have “Business Responsibility Report” (BRR) as part of their Annual Report. Accordingly this is the first year of implementation.

Therefore, endeavour is to develop system, which can support assessment of the BR performance of the Company at a regular interval.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company is publishing Business Responsibility Report first time in the current financial year 2019-2020 as a part of Annual Report. The Business Responsibility Report can be accessed at the website of the Company i.e. [www.montecarlocorporate.com](http://www.montecarlocorporate.com).

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1: Businesses should conduct and govern them selves with Ethics, Transparency and Accountability**

• **Governance:**

Monte Carlo Fashions Limited (MCFL) believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour in the organisation. The Company has a Code of Conduct for its Directors, Senior Management Personnel. Their affirmation to the Code of Conduct is communicated to all stakeholders by Chairman and Managing Director, through a declaration in the Annual Report. The Company’s Employees are abided by the Code of Conduct, which prohibits abusive, corrupt, anti-competitive and unfair practices.

The Company communicates about the access of information about any decision that may impact any of the relevant stakeholders and fairly discloses all necessary legal and financial disclosures and disseminates it to the stakeholders through the Stock Exchanges, Company’s website, Annual Report, Newspapers, etc.

The robust governance structure has been established by the Company, which consists of various committees such as the Audit Committee, Nomination and Remuneration Committee, Stakeholders’ Relationship Committee, Corporate Social Responsibility Committee. These committees inter-alia help to address concerns with respect to policies and procedures enforced across the Company’s business.

• **Vigil mechanism:**

The Company has established a whistleblower policy/vigil mechanism to address the issues relating to ethics, bribery, corruption, sexual harassment or any discrimination.

Vigil mechanism empowers the employees and other stakeholders who have concerns about suspected misconduct, unethical behaviour, actual or suspected fraud or violation of the Code of Conduct or ethics policy to come forward and express their concerns without fear of punishment or unfair treatment. The mechanism promotes responsible and secure whistleblowing and provides adequate safeguards to the whistleblower.

The Company treats any act of fraud, bribery and corruption very seriously and expects its business partners to adopt the same approach.

There were no complaints received during the reporting year under Whistle Blower Policy of the Company.

• **Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information**

The Company has established a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and is cognizant of its responsibility towards protecting and maintaining the confidentiality and disclosure of price-sensitive information in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information not only conforms to the regulatory requirements but also instils a sense of responsibility among the designated persons for protecting and maintaining confidentiality.

• **Grievance redressal mechanism:**

The Company has institutionalized effective grievance redressal mechanism for receiving and dealing with the concerns, complaints of its stakeholders which in turn resulted inefficient business processes. The consumers can raise their concerns through emails, social media, call or personal meetings.

The Committee on Prevention of Sexual Harassment (POSH) addresses all sexual harassment complaints. A POSH policy is also available on the website of the Company for easy access to all employee. The Company has received no complaints on sexual harassment during the reporting year.

MCFL has designated email id [investor@montecarlocorporates.com](mailto:investor@montecarlocorporates.com) for receiving and addressing investor grievances. Two (2) investor grievances were received during the year under review; the Company has satisfactorily resolved all investor grievances, and no investor grievance was pending as on March 31, 2020.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

The Company is recognized as “Superbrand” for woollen Knitted apparels in edition(s) of Consumer Superbrands in India. The Company operates through a judicious mix of EBOs, MBOs and Shop in Shop, distributors and national chain stores located in 20 states and three union territory with a strong online presence. The Company has a dedicated, experienced design team of comprising of over 30 professionals, closely tracking the trending global fashion.

• **New Product Development**

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

• **Sustainable sourcing:**

The Company is committed towards sourcing garments and raw material from renowned manufacturer’s houses/ responsible sources and is vigilant on compliances of suppliers to relevant labour and environmental laws.

The Company seeks self- certification from suppliers about all the necessary compliance documents related to applicable laws, quality, environmental and social norms. The Company strives to promote social enterprise networks and sourcing from local suppliers.

• **Product labelling:**

The Company endeavours to provide necessary information related to the type of fabric, content and other applicable statutory details on product labels. The Company ensures that the label includes information with regards to use, wash and care of garments.

• **Recycling:**

The Company promotes reusable shopping bag, paper bag and endeavours to reduce waste associated with its sourcing and selling of products and articles to minimise packaging waste.

**Principle 3: Businesses should promote the wellbeing of all employees**

In a world where everything else is equal, human effort makes all the difference.

The Company places immense value on our workforce and consider it as the biggest, most valuable asset. It is our constant endeavour to provide a safe, productive and positive environment for our employees that is free from any form of discrimination, including but not limited to sexual harassment, thus supporting them, so that they can maintain a healthy work-life balance and develop their professional as well as personal skills.

The Company endeavours to provide equal opportunity to each individual by evaluating him/her on its performance and ensure that there is no discrimination amongst its employees based on caste, creed, religion, disability, gender, age, sexual orientation, race, colour, ancestry, marital status and medical background. The Company has received no complaints related to Sexual harassment, Discriminatory employment, child labour, forced labour or any form of involuntary work.

**Employees Strength of Company as on March 31, 2020, was as under:-**

Total Strength	No. of Male Employees	No. of Female Employees
1839	1509	330

The HR policies of Company ensure that there is no child labour, forced labour or any form of involuntary work, paid or unpaid at any of its premises.

The Company did not hire any employee on contract basis in the financial year 2019-20, and no worker/ labour unions existed as on March 31, 2020.

During the year under review, the Company has conducted various training programmes, designed to meet the changing skill requirements of our employees. These programmes include orientation sessions for new employees, programmes conducted by various skill-enhancing, role-specific functional academies, leadership mentoring programmes and other management development programmes for mid-level and senior executives. Majority of the permanent Employees were part of these training programmes.

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

The Company has mapped its internal as well as external stakeholders and carries out engagements with investors, employees, clients and business partners, etc. The internal stakeholders, like employees of the Company, are identified through surveys and regular engagements. The external stakeholders are reached through defined activities such as press releases, analyst/ investor meets, client events, participation in events organized by various associations, etc

- **Engaging with Government and Regulators:**

Your Company interacts with various statutory bodies as and when required, during the course of its business and maintains statutory records and ensure compliances of applicable laws.

- **Investor Engagement:**

Your Company regularly interacts with its Shareholders and investors through results announcements, annual report, analyst/investor meets, Company's website and subject-specific communications. The Annual General Meeting (AGM) provides the Shareholders to engage directly with the Directors and the Management. During AGM, the Directors engage with Shareholders and answers their queries on varied subjects.

The Investor Relations team also interacts regularly with investors and analysts, through investor calls, one-on-one and group meetings, participation at investor conferences, and the annual investors meet.

- **Employee Engagement:**

Your Company engages with its employees irrespective of rank and file across the organization, and organizes various programs and activities to boost their morale, provide equal opportunities for them to nurture talent and develop their creativity. The employees, in return, are committed and passionate towards their individual goals and self-development. Various employees' engagement activities were organized across its offices, stores and EBOs, during the reporting year, which is highlighted as under:

1. Celebration of cultural and festival events.
2. Celebration of Independence Day and Republic Day.
3. Health awareness and various sports activities
4. Workshop on self-defence to women employee

- **Disadvantaged, Vulnerable & Marginalised Stakeholders:**

The Company have identified the disadvantaged, vulnerable and marginalized stakeholders through need assessment and engagement with such marginalized communities through CSR Activities.

The Company is committed to the welfare of disadvantaged, vulnerable and marginalized section of the society. The Company through self and in association with M/s Oswal Foundation has taken special initiatives for the benefit of local communities and other disadvantaged and marginalized stakeholders. The Company's endeavour in thematic areas Healthcare, Education, and Sustainable Livelihood etc. reach out to a large number of people. All of the projects are based on the needs of the communities. The Company's vision, in a nutshell, epitomizes inclusive growth and dignifying the lives of the underprivileged.

**Principle 5: Businesses should respect and promote human rights**

The Company advocates the supremacy of human rights, and all its policies acknowledge this. Your Company's human rights policy recognizes the following priority issues: compliance with applicable labour laws, zero tolerance to the child, forced or compulsory labour in operations and supply chains, equal opportunity, provide opportunities for all employees to express concerns and seek redressal, health and safety of our employees, respect and support of social and cultural norms of local communities

The Company discourages its business associates from doing any violation of Human Rights.

No complaints were received regarding human rights violation during the financial year under review.

**Principle 6: Protection and Restoration of the Environment**

The Company as a responsible corporate citizen considers its obligation to maintain highest standards of the environmental management and ensure for all its members, consultants, contractors and customers a safe and healthy environment free from occupational injury & diseases. However, the policy of the Company in this regard governs the conduct of the Company only.

The Company endeavours to impact the environment positively with cleaner production methods, use of energy-efficient and environment-friendly technologies. We are continually investing in new technologies, implementing process improvements and innovating. Few of the steps taken in this regard are:

- A) Effluent Treating of all our discharge either through own ETP or CETP.
- B) Zero Liquid discharge (ETP, RO, MEE) system for recycling of treated water for process usage.
- C) Sewerage Treatment for treatment of solid waste.

The Company continues to work towards a cleaner tomorrow by use of cleaner fuels and maximum utilization of energy produced during the manufacturing process. Furthermore, the adoption of globally-accepted manufacturing principles such as CLRI (Cleaning, Lubricating, Re-tightening and Inspection) and TPM (Total Productive Maintenance) strengthens the health of assets. However, no Compliance Report has been filed.

All the manufacturing facilities of the Company are ultra-modern and fully automated, which makes efficient use of energy and technology.

The initiatives taken by the Company for energy efficiency are detailed in Annexure E to the 'Directors' Report included in the Annual Report for FY 2019-20.

The Emissions/ Waste generated by the Company are within the permissible limits given by Pollution Control Board for the financial year. There is no show cause / legal notice received from Pollution Control Board, which is pending as on the end of the financial year in relation to non-compliance with environmental laws and regulations.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

The Company appreciates the importance of trade associations. Trade associations provide a forum for information sharing and discussion with both trade association officials and representatives of various sectors. The Company participates in the discussions, meetings and seminar organized by the various associations and actively put forth its viewpoint on various policy matters and inclusive development policies. The Company utilizes these forums for pushing new policy initiatives and agendas.

Your Company was a member of the Confederation of Indian Industry [CII] and apex chamber of commerce and industry (apex chamber) as on March 31, 2020.

**Principle 8 : Businesses should support inclusive growth and equitable development**

As a responsible organization focused on inclusive growth, your Company has steadfastly followed a proactive approach towards CSR.

The Company has a detailed CSR policy in place, and the CSR activities are monitored by the Board appointed CSR committee. The key focus areas of Company's CSR programs are the promotion of education, preventive healthcare, rural development, skill enhancement, environment protection and other areas as defined in Schedule VII of the Companies Act 2013.

In 2019-20, the Company spent ₹ 162.48 Lakhs as prescribed under Section 135 of the Companies Act, 2013. The details of the CSR initiatives undertaken by your Company are set out in the Annexure A to the Directors' Report included in the Annual Report for the Financial Year 2019-20.

The Company internally performs an impact assessment of its initiatives at the end of each year to understand the efficacy of the program in terms of delivery of desired benefits to the community and to gain insights for improving the design and delivery of future initiatives.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

The Company places its customers at the centre of all its business conducts rather than at the receiving end. The Company strive to continue growth by leading national and international standards and embracing ethical means in harmony with the environment, ensuring customer delight, stakeholder trust and social responsibility.

Customers' satisfaction is the Company's goal, which motivates the Company to keep its products as per the consumers requirements. To understand the customers better, the Company adopts several procedures including customer surveys, customer audits and direct feedback.

The Company organizes regular Retailer meets for better market research and customer service. Feedback is also taken by the management during the visit of Customers at the manufacturing facilities, retail outlets and showrooms. This helps the Company in preparing and planning the future business strategies and profitability.

The Company fully complies the laws of the land. The Company discloses all the information on the labels in compliance with the legal requirements and let customers make an informed decision.

## Independent Auditor’s Report

To the Members of Monte Carlo Fashions Limited

Report on the Audit of the Financial Statements

### Opinion

1. We have audited the accompanying financial statements of Monte Carlo Fashions Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

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

### Emphasis of Matter – Uncertainties related to Covid-19

4. We draw attention to Note 44 to the accompanying financial statements, which describes the uncertainties due to the outbreak of COVID - 19 pandemic and management's assessment of the impact on the financial statements of the Company as at the balance sheet date. The impact of these uncertainties on the Company's operations is significantly dependent on future developments. Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

Key audit matters	How the matter was addressed in the audit
<p><b>Sales returns</b></p> <p>Refer accounting policies in note 1 (i) to the Financial Statements.</p> <p>One of the significant adjustments considered in revenue recognition is the adjustment for sales returns. The Company has arrangements with the customers where the customers have the right to return the goods in the normal course of business with no specified period of return from the date of purchase. Returns are generally made upto 3 years from the date of sale. Further the Company has various types of arrangements with the customers including outright sales, sales with right of return in normal course of business, etc.</p> <p>The above arrangements result in a significant risk that sales recognised during the current year might be reversed subsequently in future years. Management adjusts revenue recognized during the year for expected returns in the subsequent years based on sales made during the current year and historical trends of sales return in the earlier years for various transactions which are grouped on the basis of similar characteristics.</p>	<p>Our audit procedures in relation to revenue returns included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the process of sales returns and assessed the appropriateness of the accounting policy adopted by the Company for revenue recognition.</li> <li>• Assessed the design and implementation of controls in respect of the revenue recognition and sales returns and tested the effectiveness of key revenue controls operating across the business.</li> <li>• Obtained the historical trends for revenue and corresponding sales returns based on the accounting records maintained by the Company.</li> <li>• Analysed the appropriateness for the exclusions of certain revenue transactions from the estimations for expected sales returns. Verified the customer's right to return goods with the signed agreements and corroborated the sales return estimates made by the management for the year based on discussions with management around past trends and other relevant factors.</li> </ul>

<p>In accordance with Ind-AS 115, Revenue from contracts with customers, revenue has been adjusted for the expected return with a corresponding refund liability being recognised. The Company has corresponding recognized the right to recover the products from customers.</p> <p>Accordingly, Company has adjusted the revenue of the current year by ₹ 1,165.60 lakhs. Company has recognized refund liability amounting to ₹ 3,898.33 lakhs and corresponding right to recover the products from customers amounting to ₹ 2,732.73 lakhs.</p> <p>Considering the materiality of the amounts involved, combined with retrospective application of new accounting standard and significant judgements discussed, including the inherent limitations involved in estimating the future sales returns based on past trends, this matter has been identified as a key audit matter for the current year audit</p>	<ul style="list-style-type: none"> <li>• Obtained the classification of contracts with similar characteristics, performed detailed analysis of the terms applicable for different types of contracts.</li> <li>• Tested the arithmetical accuracy of the calculations performed by the management in arriving at the expected value of sales returns.</li> <li>• Ensured that the accounting treatment in accordance with the provisions of Ind AS 115.</li> <li>• Assessed the adequacy and appropriateness of the disclosures made in the financial statements is in accordance with the applicable accounting standards.</li> </ul>
<p><b>Lease accounting</b></p> <p>As described in note 1 (o) and note 42 to the financial statements, Company has several stores across India obtained on lease for sale of its products.</p> <p>The Company has adopted the new standard on lease accounting, Ind AS 116, Leases (Ind AS 116), in the current year, w.e.f. 1 April 2019, and used the modified retrospective approach for transition, wherein the lease liability has been measured at present value of the remaining lease payments at the date of initial application (i.e., 1 April 2019) and discounted using the incremental borrowing rate at the date of initial application.</p> <p>As a result of such adoption, Company has recognized lease liability amounting to ₹ 8,038.56 lakhs and Right of Use asset amounting to ₹ 7,585.74 lakhs as at 31 March 2020. Company has adjusted the rent expense by ₹ 1,466.89 lakhs, interest expense on lease liability amounts to ₹ 634.65 lakhs and the depreciation on Right of Use assets amounts to ₹ 1,285.06 lakhs in the statement of profit and loss for the year ended 31 March 2020.</p> <p>A number of judgements, including determination of leases, lease term, use of practical expedients, and discount rates for each lease have been applied and estimates made in determining the impact of the accounting standard.</p> <p>Considering the materiality of the amounts involved, combined with significant judgements and estimates used, this matter has been identified as a key audit matter for the current year audit.</p>	<p>Our audit procedures in relation to leases included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the management process for lease accounting in compliance with Ind AS 116 and assessed the appropriateness of the accounting policy.</li> <li>• Assessed the design and implementation of controls in respect of lease accounting and tested the effectiveness of key controls operation in relation to the lease accounting;</li> <li>• Verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contract or other supporting information, and verified the integrity and arithmetic accuracy of the calculations for each lease sampled through recalculation of the expected Ind AS 116 adjustment.</li> <li>• Assessed the appropriateness of the assumptions applied to determine the discount rates for the lease accounting;</li> <li>• Assessed the appropriateness of lease rentals and lease escalations used in computations of Right of Use asset and corresponding Lease Liability for the entire lease tenure supported by the agreements with the lessor.</li> <li>• Assessed the appropriateness of leases excluded from the scope of Ind AS-116 being short term leases or leases for which underlying asset is of low value.</li> <li>• Ensured that the accounting treatment including the transition provisions adopted by the Company are in accordance with the provisions of Ind-AS 116.</li> <li>• Assessed the adequacy and appropriateness of the disclosures made in the financial statements is in accordance with the applicable accounting standards.</li> </ul>

**Information other than the Financial Statements and Auditor’s Report thereon**

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified

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

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

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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



15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

16. As required by section 197(16) of the Act, we report that the Company has paid and provided remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
17. 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.
18. Further to our comments in Annexure I, as required by section 143(3) of the Act, we report that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
  - e) the matter described in paragraph 4 under the Emphasis of Matter, in our opinion, may have an adverse effect on the functioning of the Company;
  - f) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;
  - g) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 24 June 2020 as per Annexure II expressed unmodified opinion; and
  - h) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company, as detailed in note 29 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2020;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
    - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and
    - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

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

**Sandeep Mehta**  
Partner  
Membership No.: 099410  
UDIN: 20099410AAAABI8264

**Place:** Mohali  
**Date :** 24 June 2020

**Annexure I to the Independent Auditor's report of even date to the members of Monte Carlo Fashion Limited on the Financial Statements for the year ended 31 March 2020**
**Annexure I**

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

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- ii) In our opinion, the management has conducted 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, goods and services 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, goods and services tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

**Statement of Disputed Dues**

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Amount paid under Protest (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
West Bengal Value Added Tax, 2003	Interest on VAT	1.33	-	FY 2008-09	Deputy Commissioner of Commercial Taxes, Kolkata
Central Sales Tax, 1956	Interest on CST	0.16	-	FY 2008-09	Deputy Commissioner of Commercial Taxes, Kolkata
West Bengal Value Added Tax, 2003	Penalty on VAT	2.31	2.31	FY 2009-10	West Bengal Taxation Tribunal

- viii) The Company has not defaulted in repayment of loans or borrowings to any bank during the year. The Company has no loans or borrowings payable to a financial institution or government and no dues payable to debenture-holders during the year.
- ix) In our opinion, the Company has applied the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer/ further public offer (including debt instruments) during the year.
- x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

- xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sandeep Mehta**

Partner

Membership No.: 099410

UDIN: 20099410AAAABI8264

Place : Mohali

Date : 24 June 2020

**Annexure II to the Independent Auditor's report of even date to the members of Monte Carlo Fashion Limited on the Financial Statements for the year ended 31 March 2020**

**Annexure II**

**Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the financial statements of Monte Carlo Fashions Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

**Responsibilities of Management and Those Charged with Governance 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 issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('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 internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 internal financial controls with reference to financial statements.

**Meaning of Internal Financial Controls with Reference to Financial Statements**

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

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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 with reference to financial statements and such controls were operating effectively as at 31 March 2020, 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**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sandeep Mehta**  
Partner  
Membership No.: 099410  
UDIN: 20099410AAAABI8264

Place : Mohali  
Date : 24 June 2020

**Balance Sheet** as at 31 March 2020

(All amounts in ₹ lakhs, unless stated otherwise)

	Notes	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	2.1	15,178.03	14,855.29
b) Right-of-use assets	2.2	7,585.74	-
c) Capital work-in-progress	3	248.54	2.38
d) Intangible assets	4	57.58	94.36
e) Financial assets			
i) Investments	5.1	3,571.39	4,772.11
ii) Loans	5.2	402.78	426.09
iii) Other financial assets	5.3	812.44	8.61
f) Income tax assets (net)	6	889.54	907.90
g) Deferred tax assets (net)	28	791.61	712.06
h) Other non-current assets	7	172.00	126.53
<b>Total non-current assets</b>		<b>29,709.65</b>	<b>21,905.33</b>
<b>Current assets</b>			
a) Inventories	8	21,618.21	19,115.78
b) Financial assets			
i) Investments	9.1	9,793.54	8,980.82
ii) Trade receivables	9.2	25,216.72	21,985.28
iii) Cash and cash equivalents	9.3	134.43	3,265.54
iv) Other bank balances not considered as cash and cash equivalents	9.4	1,142.29	225.36
v) Loans	9.5	56.49	119.04
vi) Other financial assets	9.6	135.69	54.48
c) Other current assets	10	3,236.73	3,182.52
<b>Total current assets</b>		<b>61,334.10</b>	<b>56,928.82</b>
<b>Total assets</b>		<b>91,043.75</b>	<b>78,834.15</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	11	2,073.21	2,073.21
b) Other equity	12	52,444.15	46,298.94
<b>Total equity</b>		<b>54,517.36</b>	<b>48,372.15</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	13.1	1,630.74	1,286.65
ii) Lease liabilities	13.2	7,038.90	-
iii) Other financial liabilities	13.3	1,685.49	1,532.57
b) Other non-current liabilities	14	117.15	131.07
c) Provisions	15	193.25	203.06
<b>Total non-current liabilities</b>		<b>10,665.53</b>	<b>3,153.35</b>

**Balance Sheet** as at 31 March 2020 (*Contd.*)

(All amounts in ₹ lakhs, unless stated otherwise)

	Notes	As at 31 March 2020	As at 31 March 2019
<b>Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	16.1	1,544.47	3,174.06
ii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises; and	16.2	147.01	293.06
Total outstanding dues of creditors other than micro enterprises and small enterprises	16.2	16,589.05	13,161.90
iii) Lease liabilities	16.3	999.66	-
iv) Other financial liabilities	16.4	5,437.78	9,854.37
b) Other current liabilities	17	917.16	701.34
c) Provisions	18	225.73	123.92
<b>Total current liabilities</b>		<b>25,860.86</b>	<b>27,308.65</b>
<b>Total equity and liabilities</b>		<b>91,043.75</b>	<b>78,834.15</b>

**Notes 1 to 45 forms an integral part of these financial statements**

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

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

**Sandeep Mehta**  
 Partner  
 Membership No. : 099410

 Place : Mohali  
 Date : 24 June 2020

 For **Monte Carlo Fashions Limited**
**Jawahar Lal Oswal**  
 (Chairman and Managing Director)  
 (DIN : 00463866)

**Raj Kapoor Sharma**  
 (Chief Financial Officer)  
 (Membership No. 093017)

 Place : Ludhiana  
 Date : 24 June 2020

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

**Ankur Gauba**  
 (Company Secretary)  
 (Membership No. FCS10577)

**Statement of Profit and Loss** for the year ended 31 March 2020 (All amounts in ₹ lakhs, unless stated otherwise)

	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>I INCOME</b>			
Revenue from operations	19	72,561.32	65,637.47
Other income	20	1,151.79	1,822.85
<b>Total income</b>		<b>73,713.11</b>	<b>67,460.32</b>
<b>II EXPENSES</b>			
Cost of materials consumed	21	17,426.51	16,405.14
Purchases of stock-in-trade	22	23,398.10	19,498.38
Changes in inventories of finished goods, work-in-progress and traded goods	23	(2,510.92)	(1,464.12)
Employee benefit expense	24	6,961.95	5,949.19
Finance costs	25	1,701.01	894.61
Depreciation and amortisation expense	26	3,340.38	1,910.01
Other expenses	27	14,843.16	15,414.24
<b>Total expenses</b>		<b>65,160.19</b>	<b>58,607.45</b>
<b>III Profit before tax (I-II)</b>		<b>8,552.92</b>	<b>8,852.87</b>
<b>IV Tax expense:</b>	28		
(1) Current tax expense		2,337.82	2,272.37
(2) Deferred tax (income)/expense		(53.91)	620.89
<b>V Profit for the year (III-IV)</b>		<b>6,269.01</b>	<b>5,959.61</b>
<b>VI Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement losses on defined benefit plan		(101.85)	(62.42)
<b>Income tax relating to items that will not be reclassified to profit or loss</b>			
Deferred tax on re-measurement losses on defined benefit plan		25.63	21.81
<b>Other comprehensive income for the year, net of tax</b>		<b>(76.22)</b>	<b>(40.61)</b>
<b>VII Total comprehensive income for the year</b>		<b>6,192.79</b>	<b>5,919.00</b>
<b>VIII Earnings per equity share (nominal value ₹ 10 each)</b>	31		
Basic		30.24	27.46
Diluted		30.24	26.85

**Notes 1 to 45 forms an integral part of these financial statements**

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

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

 For **Monte Carlo Fashions Limited**
**Sandeep Mehta**  
 Partner  
 Membership No. : 099410

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

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

**Raj Kapoor Sharma**  
 (Chief Financial Officer)  
 (Membership No. 093017)

**Ankur Gauba**  
 (Company Secretary)  
 (Membership No. FCS10577)

 Place : Mohali  
 Date : 24 June 2020

 Place : Ludhiana  
 Date : 24 June 2020



**Cash Flow Statement** for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A. Cash flow from operating activities:</b>		
<b>Profit before tax</b>	8,552.92	8,852.87
Add: Adjustment for non-cash and non-operating items		
Depreciation and amortisation expense	3,340.38	1,910.01
Finance costs	1,701.01	894.61
Interest income	(368.11)	(469.07)
Advances written back	(71.40)	-
Profit on sale of investments (net)	(41.92)	(2.40)
(Profit)/loss on sale of property, plant and equipment (net)	(3.01)	17.99
Amounts written off	-	116.86
Provision for credit impaired receivables	51.85	-
Bad debts	27.00	-
Fair valuation of investments through profit and loss	(635.18)	(908.49)
<b>Operating profit before working capital changes</b>	<b>12,553.54</b>	<b>10,412.38</b>
Adjustments for movement in:		
Changes in trade receivables	(3,310.28)	(3,105.44)
Changes in inventories	(2,502.42)	(1,762.14)
Changes in loans (non-current)	23.31	(56.00)
Changes in loans (current)	62.55	(68.35)
Changes in other current assets	(54.22)	(385.70)
Changes in other non-current assets	(68.00)	(23.78)
Changes in trade and other payables	3,281.10	2,438.01
Changes in other financial liabilities (non-current)	152.92	191.34
Changes in other financial liabilities (current)	(4,427.08)	7,425.23
Changes in other current liabilities	287.22	(18.84)
Changes in other non-current liabilities	(13.92)	(15.57)
Changes in short-term provisions	(0.04)	(119.62)
Changes in long-term provisions	(9.81)	52.41
<b>Cash generated from operating activities before taxes</b>	<b>5,974.87</b>	<b>14,963.93</b>
Direct taxes paid (net of refunds and demands)	(2,319.45)	(2,413.44)
<b>Net cash generated from operating activities (A)</b>	<b>3,655.42</b>	<b>12,550.49</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of property, plant and equipment (including capital advances and creditors for capital goods)	(2,745.91)	(1,171.68)
Proceeds from sale of property, plant and equipment	20.79	34.79
Proceeds from sale of investments	1,365.09	890.78
Other bank balances not considered as cash and cash equivalents		
Placed	(1,946.12)	(233.97)
Matured	225.36	1,659.80
Interest received	346.31	675.45
Purchase of investments	(300.00)	(900.00)
<b>Net cash (used in)/generated from investing activities (B)</b>	<b>(3,034.48)</b>	<b>955.16</b>

**Cash Flow Statement** for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>C. Cash flow from financing activities:</b>		
Repayment of long-term borrowings	(437.04)	(264.36)
Proceeds from long-term borrowings	950.21	314.70
Movement in current borrowings (net)	(1,629.59)	(859.49)
Payment of lease liabilities	(832.24)	-
Dividend paid (including dividend distribution tax)	-	(3,143.90)
Buy back of shares (including buy back expenses)	(47.58)	(5,544.57)
Finance cost paid*	(1755.81)	(894.72)
<b>Net cash used in financing activities (C)</b>	<b>(3,752.05)</b>	<b>(10,392.34)</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>(3,131.11)</b>	<b>3,113.31</b>
Cash and cash equivalents at the beginning of the year	3,265.54	152.23
<b>Closing cash and cash equivalents</b>	<b>134.43</b>	<b>3,265.54</b>
<b>Cash and cash equivalents (refer note 9.3) include:</b>		
Cash on hand (including stamps)	31.54	45.58
Balance with banks	37.13	26.96
Deposits with original maturity less than three months	65.76	3,193.00
<b>Cash and cash equivalents</b>	<b>134.43</b>	<b>3,265.54</b>

\*Finance cost paid includes interest paid on lease Liabilities amounting to ₹ 634.05 Lakhs

**Notes to cash flow statement:**

- i) The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 (Ind AS 7) on "Statements of Cashflows".
- ii) Negative figures have been shown in brackets.
- iii) Additions to property, plant, equipment and intangible assets include movements of capital work-in-progress during the year.

**Notes 1 to 45 forms an integral part of these financial statements**

This is the cash flow statement referred to in our report of even date

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

**Sandeep Mehta**  
Partner  
Membership No. : 099410

Place : Mohali  
Date : 24 June 2020

For **Monte Carlo Fashions Limited**

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

**Raj Kapoor Sharma**  
(Chief Financial Officer)  
(Membership No. 093017)

Place : Ludhiana  
Date : 24 June 2020

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

**Ankur Gauba**  
(Company Secretary)  
(Membership No. FCS10577)

**Statement of changes in equity** for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless stated otherwise)

**A. Equity share capital**

<b>As at 1 April 2018</b>	2,173.21
Changes in equity share capital during the year	(100.00)
<b>As at 31 March 2019</b>	2,073.21
Changes in equity share capital during the year	-
<b>As at 31 March 2020</b>	<b>2,073.21</b>

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

Particulars	Other equity							Total
	Capital reserves	Capital redemption reserve	Securities premium	Corporate social responsibility reserve	Special reserve	General reserve	Retained earnings	
<b>Balance as at 1 April 2018</b>	0.01	-	12,869.76	302.92	24,222.55	12,753.19	(1,180.02)	48,968.41
Profit for the year	-	-	-	-	-	-	5,959.61	5,959.61
Other comprehensive income for the year (net of tax)	-	-	-	-	-	-	(40.61)	(40.61)
<b>Total comprehensive income for the year</b>	<b>0.01</b>	<b>-</b>	<b>12,869.76</b>	<b>302.92</b>	<b>24,222.55</b>	<b>12,753.19</b>	<b>4,738.98</b>	<b>54,887.41</b>
Dividend	-	-	-	-	-	-	(2,607.85)	(2,607.85)
Dividend distribution tax	-	-	-	-	-	-	(536.05)	(536.05)
Buy-back related expenses	-	-	-	-	-	(44.57)	-	(44.57)
Transfer to general reserve	-	-	-	(302.92)	(24,222.55)	-	(1,000.00)	(25,525.47)
Transfer from special reserve	-	-	-	-	-	24,222.55	-	24,222.55
Transfer to capital redemption reserve	-	-	-	-	-	(100.00)	-	(100.00)
Transfer from general reserve	-	100.00	-	-	-	-	-	100.00
Transfer from security premium reserve on buy-back of equity shares	-	-	(5,400.00)	-	-	-	-	(5,400.00)
Transfer from retained earnings	-	-	-	-	-	1,000.00	-	1,000.00
Transfer from corporate social responsibility reserve	-	-	-	-	-	302.92	-	302.92
<b>Balance as at 31 March 2019</b>	<b>0.01</b>	<b>100.00</b>	<b>7,469.76</b>	<b>-</b>	<b>-</b>	<b>38,134.09</b>	<b>595.08</b>	<b>46,298.94</b>
<b>Balance as at 1 April 2019</b>	<b>0.01</b>	<b>100.00</b>	<b>7,469.76</b>	<b>-</b>	<b>-</b>	<b>38,134.09</b>	<b>595.08</b>	<b>46,298.94</b>
Profit for the year	-	-	-	-	-	-	6,269.01	6,269.01
Other comprehensive income for the year (net of tax)	-	-	-	-	-	-	(76.22)	(76.22)
<b>Total comprehensive income for the year</b>	<b>0.01</b>	<b>100.00</b>	<b>7,469.76</b>	<b>-</b>	<b>-</b>	<b>38,134.09</b>	<b>6,787.87</b>	<b>52,491.73</b>
Buy-back related expenses	-	-	-	-	-	(47.58)	-	(47.58)
<b>Balance as at 31 March 2020</b>	<b>0.01</b>	<b>100.00</b>	<b>7,469.76</b>	<b>-</b>	<b>-</b>	<b>38,086.51</b>	<b>6,787.87</b>	<b>52,444.15</b>

**Notes 1 to 45 forms an integral part of these financial statements**

This is the statement of changes in equity referred to in our report of even date

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sandeep Mehta**

Partner

Membership No. : 099410

Place : Mohali

Date : 24 June 2020

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

(Chairman and Managing Director)

(DIN : 00463866)

**Raj Kapoor Sharma**

(Chief Financial Officer)

(Membership No. 093017)

Place : Ludhiana

Date : 24 June 2020

**Sandeep Jain**

(Executive Director)

(DIN : 00565760)

**Ankur Gauba**

(Company Secretary)

(Membership No. FCS10577)

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**
**1. i) Corporate information**

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

**ii) Basis of preparation**

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

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

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

**iii) Significant accounting policies**
**a) Use of estimates**

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

**b) Current versus non-current classification**

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

**c) Inventory**

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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

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

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

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

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

**d) Property, plant and equipment**
*Recognition*

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

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

*Depreciation*

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

<b>Tangible assets</b>	<b>Useful life</b>
Building – factory	30 years
Plant and machinery	15 years
Furniture and fixtures	10 years
Vehicles	8 years and 10 years
Office equipment	5 years
Computer equipment	3 years and 6 years

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

*De-recognition*

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is de-recognised.

**e) Intangible assets**
*Recognition*

Using the deemed cost exemption available as per Ind AS 101, the Company has elected to carry forward the

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

carrying value of intangible assets under Indian GAAP as on 31 March 2016 as book value of such assets under Ind AS as at the transition date i.e. 1 April 2016.

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

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

**Amortisation**

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

Intangible assets	Useful life
Software	5 years

**De-recognition**

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

**f) Impairment of non-financial assets**

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

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

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

**g) Functional and presentation currency**

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

**Foreign currencies**
**Transactions and balances**
**Initial recognition**

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

**Subsequent measurement**

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

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

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

**h) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

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

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

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

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

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

**i) Revenue recognition**

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

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

**Sale of goods:**

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

Revenue is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

over or managerial involvement with, the goods, and the amount of revenue can be measured reliably. Where the payment extends beyond normal credit period interest is recovered separately.

**Interest income:**

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

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

**Insurance and other claims**

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

**Benefit under duty drawback scheme**

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

**Sales return**

Refund liability arising from rights to return

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

**Right to recover returned goods arising from rights to return**

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

**j) Borrowing costs**

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

**k) Financial instruments**

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

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

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

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



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**
**Financial assets**
**Classification and subsequent measurement**

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

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

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

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

ii. **Financial assets at fair value**

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

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

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

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

**De-recognition of financial assets**

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

**Financial liabilities**
**Subsequent measurement**

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

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

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

**De-recognition of financial liabilities**

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

**Offsetting of financial instruments**

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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**
**Impairment of financial assets**

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

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

**l) Retirement and other employee benefits**
**Defined contribution plan**

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

**Defined benefit plans**

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

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

**Other short term benefits**

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

**m) Provisions and contingent liabilities**

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

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

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

**n) Earnings per share**

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

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

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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020****o) Leases**

The Company has adopted Ind AS 116-Leases effective 1 April 2019, using the modified retrospective approach. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1 April 2019). Accordingly, previous period information has not been restated.

The Company's lease asset classes primarily consist of leases for showrooms taken on rent. The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination, including: whether there are significant penalties to terminate (or not extend); whether any leasehold improvements are expected to have a significant remaining value; historical lease durations; the importance of the underlying asset to the Company's operations; and the costs and business disruption required to replace the leased asset. The Company typically exercises its option to renew (or does not exercise its option to terminate) for the leases because there will be a negative effect on the sale of its products if a replacement is not readily available and also due to the cost of the leasehold improvements.

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset,
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease, and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as cash flows from financing activities.

**p) Income taxes****Current income tax**

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

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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

provisions where appropriate.

**Deferred tax**

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

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

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

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

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

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

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

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

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales/ distribution of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset highly probable when:

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

**r) Government grants and subsidies**

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

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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**
**s) Segment reporting**

The Company's business operation comprises of single operating segment of manufacturing/trading of textile garments. Operating segment has been identified on the basis of nature of products and reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker ('CODM').

**t) Cash and cash equivalents**

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

**u) Cash dividend distribution to equity holders**

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

**v) Significant accounting judgements, estimates and assumptions**

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

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

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

**Significant judgements:**

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

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

- (ii) Expected credit loss

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

- (iii) Defined benefit obligation (DBO)

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

- (iv) Recognition of deferred tax assets

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

- (v) Contingent liabilities

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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

***Sources of estimation uncertainty:***

(i) Provisions

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

(ii) Recoverability of advances/receivables

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

(iii) Right to recover returned goods and refund liabilities

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

**w) Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

**2.1 Property, plant and equipment**

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Office equipment	Furniture and fixture	Vehicles	Total
<b>Gross carrying value</b>								
<b>Balance as at 1 April 2018</b>	3,389.29	17.80	11,607.14	16,502.32	511.79	793.72	485.86	33,307.92
Additions during the year	-	-	109.90	835.79	93.21	174.63	62.19	1,275.72
Disposals during the year	-	-	-	768.89	5.29	-	4.42	778.60
<b>Balance as at 31 March 2019</b>	3,389.29	17.80	11,717.04	16,569.22	599.71	968.35	543.63	33,805.04
Additions during the year	485.80	-	395.50	1,179.36	44.11	75.54	173.62	2,353.93
Disposals during the year	-	-	-	66.55	1.91	-	24.53	92.99
<b>Balance as at 31 March 2020</b>	3,875.09	17.80	12,112.54	17,682.03	641.91	1,043.89	692.72	36,065.98
<b>Accumulated depreciation</b>								
<b>Balance as at 1 April 2018</b>	-	0.41	3,397.78	13,238.43	405.53	514.62	249.18	17,805.95
Additions during the year	-	0.18	754.47	872.79	67.77	90.48	83.93	1,869.62
Disposals during the year	-	-	-	716.99	4.92	-	3.91	725.82
<b>Balance as at 31 March 2019</b>	-	0.59	4,152.25	13,394.23	468.38	605.10	329.20	18,949.75
Additions during the year	-	0.18	709.42	1,051.57	64.38	102.27	85.59	2,013.41
Disposals during the year	-	-	-	57.21	1.57	-	16.43	75.21
<b>Balance as at 31 March 2020</b>	-	0.77	4,861.67	14,388.59	531.19	707.37	398.36	20,887.95
<b>Net carrying amount</b>								
<b>Balance as at 31 March 2019</b>	3,389.29	17.21	7,564.79	3,174.99	131.33	363.25	214.43	<b>14,855.29</b>
<b>Balance as at 31 March 2020</b>	3,875.09	17.03	7,250.87	3,293.44	110.72	336.52	294.36	<b>15,178.03</b>

**Notes:**

- Refer note 30 for disclosure of capital commitments for the acquisition of property, plant and equipment.
- Refer note 32 for information on assets pledged as security by the Company.

**2.2 Right-of-use assets**

Particulars	Land and Building	Total
<b>Gross carrying value</b>		
<b>Balance as at 1 April 2018</b>	-	-
Additions during the year	-	-
<b>Balance as at 31 March 2019</b>	-	-
Additions during the year	8,870.80	8,870.80
<b>Balance as at 31 March 2020</b>	8,870.80	8,870.80
<b>Accumulated depreciation</b>		
<b>Balance as at 1 April 2018</b>	-	-
Additions during the year	-	-
<b>Balance as at 31 March 2019</b>	-	-
Additions during the year	1,285.06	1,285.06
<b>Balance as at 31 March 2020</b>	1,285.06	1,285.06
<b>Net carrying amount</b>		
<b>Balance as at 31 March 2019</b>	-	-
<b>Balance as at 31 March 2020</b>	<b>7,585.74</b>	<b>7,585.74</b>

**Note:**

- Refer note 42 for information on assets taken on lease.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

**3 Capital work-in-progress**

<b>Movement in capital work-in-progress</b>	
<b>Balance as at 1 April 2018</b>	8.91
Additions during the year	343.29
Capitalisation during the year	349.82
<b>Balance as at 31 March 2019</b>	2.38
Additions during the year	248.54
Capitalisation during the year	2.38
<b>Balance as at 31 March 2020</b>	<b>248.54</b>
<b>Carrying value</b>	
<b>Balance as at 31 March 2019</b>	<b>2.38</b>
<b>Balance as at 31 March 2020</b>	<b>248.54</b>

**Notes:**

- Capital work-in-progress includes building under construction and intangible assets under construction not ready for use as at year end.
- Refer note 32 for information on assets pledged as security by the Company.

<b>Particulars</b>	<b>Computer software</b>	<b>Total</b>
<b>4 Intangible assets</b>		
<b>Gross carrying value</b>		
<b>Balance as at 1 April 2018</b>	207.54	207.54
Additions during the year	16.84	16.84
<b>Balance as at 31 March 2019</b>	224.38	224.38
Additions during the year	5.13	5.13
<b>Balance as at 31 March 2020</b>	<b>229.51</b>	<b>229.51</b>
<b>Accumulated amortisation</b>		
<b>Balance as at 1 April 2018</b>	89.62	89.62
Additions during the year	40.40	40.40
<b>Balance as at 31 March 2019</b>	130.02	130.02
Additions during the year	41.91	41.91
<b>Balance as at 31 March 2020</b>	<b>171.93</b>	<b>171.93</b>
<b>Net carrying amount</b>		
<b>Balance as at 31 March 2019</b>	<b>94.36</b>	<b>94.36</b>
<b>Balance as at 31 March 2020</b>	<b>57.58</b>	<b>57.58</b>

	<b>As at 31 March 2020</b>		<b>As at 31 March 2019</b>	
	<b>Units</b>	<b>Amount</b>	<b>Units</b>	<b>Amount</b>
<b>5.1 Non-current investments</b>				
<b>Investments in mutual funds (fully paid up)</b>				
<b>At fair value through profit and loss</b>				
<b>Quoted</b>				
ICICI prudentials FMP-series 80 (1,231 days) plan P direct cumulative (unit of ₹ 10 each)	-	-	2,000,000.00	231.75
Nippon India fixed horizon fund XXXIII-series 6 direct growth plan (unit of ₹ 10 each)	-	-	3,000,000.00	346.23
Nippon India fixed horizon fund XXXIII-series 9 direct growth plan (unit of ₹ 10 each)	-	-	5,000,000.00	579.55



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2020		As at 31 March 2019	
	Units	Amount	Units	Amount
Birla sun life fixed term plan series OK (1,135 days) growth direct (unit of ₹ 10 each)	-	-	3,000,000.00	345.95
Birla sun life FTP series PC direct growth (unit of ₹ 10 each)	2,000,000.00	237.74	2,000,000.00	217.99
ICICI P9230 FMP 82 (1,219 days) plan D DP cumulative (unit of ₹ 10 each)	2,000,000.00	239.20	2,000,000.00	219.18
ICICI P9233 FMP 82 (1,223 days) plan E DP cumulative (unit of ₹ 10 each)	2,000,000.00	238.90	2,000,000.00	218.87
ICICI P9244 FMP 82 (1,215 days) plan H DP cumulative (unit of ₹ 10 each)	2,000,000.00	238.57	2,000,000.00	218.56
Kotak FMP series 216 direct growth INF174K015S7 (unit of ₹ 10 each)	3,000,000.00	358.17	3,000,000.00	326.68
Kotak FMP series 217 direct growth-INF174K018TP (unit of ₹ 10 each)	2,000,000.00	238.57	2,000,000.00	218.14
Kotak FMP series 219 direct growth INF174K015U3 (unit of ₹ 10 each)	2,000,000.00	236.91	2,000,000.00	217.26
SBI debit fund series C8 direct growth (unit of ₹ 10 each)	2,000,000.00	237.28	2,000,000.00	217.80
UTI fixed term income fund series XXVIII-VI (1,190 days) (unit of ₹ 10 each)	2,000,000.00	237.79	2,000,000.00	218.04
UTI fixed term income fund series XXVIII-VIII (1,171 days) (unit of ₹ 10 each)	2,000,000.00	237.77	2,000,000.00	218.13
Kotak FMP series 226 (1,473 days) direct growth INF174K017X3 (unit of ₹ 10 each)	3,000,000.00	360.58	3,000,000.00	327.56
HDFC FMP (1,181 days) INF179KB16C4 (unit of ₹ 10 each)	3,000,000.00	355.03	3,000,000.00	325.04
ICICI FMP 82 (1,141 days) plan Y DP cumulative (unit of ₹ 10 each)	3,000,000.00	354.88	3,000,000.00	325.38
<b>Grand total</b>		<b>3,571.39</b>		<b>4,772.11</b>
<b>Aggregate cost of quoted investments</b>		3,000.00		4,300.00
<b>Aggregate market value of quoted investments</b>		3,571.39		4,772.11

**Notes:**

- Refer note 32 for information on assets pledged as security by the Company.
- Refer note 36 for disclosure of fair values in respect of financial assets measured at amortised cost.

	As at 31 March 2020	As at 31 March 2019
<b>5.2 Loans (non-current)</b>		
(Unsecured considered good, unless otherwise stated)		
Security deposits	402.78	426.09
	<b>402.78</b>	<b>426.09</b>

**Note:**

- Refer note 36 for disclosure of fair values in respect of financial assets measured at amortised cost.

	As at 31 March 2020	As at 31 March 2019
<b>5.3 Other financial assets (non-current)</b>		
Non-current bank balances*	812.44	8.61
	<b>812.44</b>	<b>8.61</b>

\*Non-current bank balances includes ₹ 8.80 lakhs (as at 31 March 2019: ₹ 8.61 lakhs) taken from State Bank of India and ₹ 4.64 lakhs (as at 31 March 2019: ₹ Nil) taken from Federal Bank pledged against the utilisation of non fund based limits.

**Notes:**

- Refer note 32 for information on assets pledged as security by the Company.
- Refer note 36 for disclosure of fair values in respect of financial assets measured at amortised cost.

	As at 31 March 2020	As at 31 March 2019
<b>6 Income tax assets (net)</b>		
Advance income-tax [net of provisions]	889.54	907.90
	<b>889.54</b>	<b>907.90</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2020	As at 31 March 2019
<b>7 Other non-current assets</b>		
Capital advances	3.57	26.10
Prepaid expenses	168.43	100.43
	<b>172.00</b>	<b>126.53</b>
<b>8 Inventories</b>		
(Valued at lower of cost or net realisable value, unless otherwise stated)		
Raw materials	3,056.06	3,154.24
Work-in-progress	859.21	729.20
Finished goods (including traded goods)	14,271.82	12,453.21
Right to recover returned goods	2,732.73	2,170.43
Stores and spares	698.39	608.70
	<b>21,618.21</b>	<b>19,115.78</b>

**Note:**

- i) Refer note 32 for information on assets pledged as security by the Company.

	As at 31 March 2020		As at 31 March 2019	
	Units	Amount	Units	Amount
<b>9.1 Current investments</b>				
<b>Investments in mutual funds (fully paid up)</b>				
<b>At fair value through profit and loss</b>				
<b>Quoted</b>				
Nippon India fixed horizon fund XXXIII- series 9 direct growth plan (unit of ₹ 10 each)	5,000,000.00	625.91	-	-
ICICI FMP P8078 corporate bond fund DP growth (unit of ₹ 20.57 each)	971,954.26	208.29	-	-
ICICI FMP P8104 banking & PSU debt direct plan growth (unit of ₹ 22.61 each)	442,370.22	103.49	-	-
IDFC corporate bond fund direct plan growth (unit of ₹ 10.06 each)	-	-	1,987,992.53	255.66
IDFC super saver income fund medium term plan growth (direct growth) (unit of ₹ 25.83 each)	-	-	774,296.46	252.29
Birla sun life dynamic bond fund retail growth direct plan (unit of ₹ 26.12 each)	-	-	382,899.70	125.22
ICICI prudential income opportunities fund direct plan growth (unit of ₹ 21 each)	-	-	952,294.79	251.60
ICICI prudential FMP - series 80 (1,231 days) plan P direct plan cumulative (unit of ₹ 10 each)	2,000,000.00	250.74	-	-
Nippon India fixed horizon fund XXXIII-series 6 direct growth plan (unit of ₹ 10 each)	3,000,000.00	373.57	-	-
Birla sun life fixed term plan series ok (1,135 days) growth direct (unit of ₹ 10 each)	3,000,000.00	372.45	-	-
Birla sun life corporate bond fund growth regular (unit of ₹ 11.81 each)	4,232,553.42	612.02	4,232,553.42	578.79
Birla sun life medium term plan growth direct plan (unit of ₹ 20.69 each)	2,416,100.90	591.53	2,416,100.90	573.54
Birla sun life treasury optimizer plan growth direct plan (unit of ₹ 208.15 each)	96,083.26	256.51	96,083.26	232.53
HDFC corporate debt opportunities fund direct growth (unit of ₹ 13.79 each)	2,175,315.97	379.44	2,175,315.97	346.28
ICICI prudential income opportunities fund direct plan growth (unit of ₹ 23.08 each)	1,299,573.31	378.03	1,299,573.31	343.36
IDFC corporate bond fund direct plan growth (unit of ₹ 11.15 each)	2,690,028.07	375.60	2,690,028.07	345.95
IDFC dynamic bond fund direct plan growth (unit of ₹ 20.53 each)	2,435,341.68	651.39	2,435,341.68	573.68
IDFC monthly income plan growth (direct plan) (unit of ₹ 19.82 each)	1,513,676.06	344.12	1,513,676.06	343.15
Nippon India strategic debt fund direct growth plan (unit of ₹ 13.24 each)	3,775,693.60	420.60	3,775,693.60	579.46
SBI dynamic bond fund direct growth plan (unit of ₹ 20.90 each)	1,435,557.81	392.47	1,435,557.81	342.53

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2020		As at 31 March 2019	
	Units	Amount	Units	Amount
UTI dynamic bond fund direct growth plan (unit of ₹19.34 each)	2,584,954.53	542.01	2,584,954.53	556.30
Kotak income opportunities fund growth (regular plan) (unit of ₹ 17.78 each)	2,811,753.13	617.20	2,811,753.13	571.99
Kotak medium term fund direct plan - growth (unit of ₹ 13.81 each)	2,172,732.21	373.44	2,172,732.21	347.51
L&T RICBF direct growth plan (unit of ₹ 11.40 each)	-	-	1,316,205.12	185.64
UTI income opportunities fund direct growth plan (unit of ₹ 15.52 each)	3,222,417.72	467.87	3,222,417.72	580.36
IDFC monthly income plan ISIN No: INF194K (unit of ₹ 20.50 each)	975,647.83	221.80	975,647.83	221.18
IDFC super saver income fund growth INF19 (unit of ₹ 29.06 each)	1,032,215.44	370.19	1,032,215.44	336.33
HDFC corporate bond fund - direct plan - growth option INF179K01XD8M (unit of ₹ 18.53 each)	1,079,132.81	249.10	1,079,132.81	225.92
ICICI prudential bond fund direct plan (unit of ₹ 23.95 each)	835,093.99	242.92	835,093.99	220.64
HDFC corporate bond fund - direct plan - growth option INF179K01XD8M (unit of ₹ 18.57 each)	1,615,221.85	372.85	1,615,221.85	338.16
SBI debt fund series B-34 (1,132 days) direct growth (unit of ₹ 10 each)	-	-	2,000,000.00	252.75
<b>Grand total</b>		<b>9,793.54</b>		<b>8,980.82</b>
<b>Aggregate cost of quoted investments</b>		<b>8,300.00</b>		<b>7,750.00</b>
<b>Aggregate market value of quoted investments</b>		<b>9,793.54</b>		<b>8,980.82</b>

**Notes:**

- Refer note 32 for information on assets pledged as security by the Company.
- Refer note 36 for disclosure of fair values in respect of financial assets measured at amortised cost.

	As at 31 March 2020	As at 31 March 2019
<b>9.2 Trade receivables</b>		
Unsecured, considered good*	25,216.72	21,985.28
Unsecured, credit impaired	51.85	-
	25,268.57	21,985.28
Less: Provision for expected credit loss	(51.85)	-
	<b>25,216.72</b>	<b>21,985.28</b>
*Includes amounts due from entities in which directors of the Company are able to exercise control or have significant influence (refer note 40)	0.47	0.32
<b>Movement in the provision for expected credit loss</b>		
Balance at the beginning of the year	-	-
Add: Allowance provided during the year (refer note 27)	51.85	-
Balance at the end of the year	<b>51.85</b>	-

**Notes:**

- Refer note 32 for information on assets pledged as security by the Company.
- Refer note 36 for disclosure of fair values in respect of financial assets measured at amortised cost.

<b>9.3 Cash and cash equivalents</b>		
Cash on hand	31.54	26.96
Balance with banks	37.13	45.58
Deposits with original maturity less than three months	65.76	3,193.00
	<b>134.43</b>	<b>3,265.54</b>

**Note:**

- Refer note 32 for information on assets pledged as security by the Company.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2020	As at 31 March 2019
<b>9.4 Other bank balances not considered as cash and cash equivalents</b>		
Unpaid dividend account	13.09	13.11
Deposits with original maturity more than three months but remaining maturity of less than twelve months	1,129.20	212.25
	<b>1,142.29</b>	<b>225.36</b>

**Notes:**

- i) Deposits with original maturity more than three months but remaining maturity of less than twelve months includes ₹ 14.30 lakhs (as at 31 March 2019: ₹ 212.25 lakhs) taken from State Bank of India and ₹ 16.90 lakhs (as at 31 March 2019: nil) taken from Federal Bank are pledged against the utilisation of non fund based limits.
- ii) Other bank balances include ₹ 13.09 lakhs (as at 31 March 2019: ₹ 13.11 lakhs) held in dividend accounts which is not available for use by the Company.
- iii) Refer note 32 for information on assets pledged as security by the Company.

<b>9.5 Loans (current)</b>		
(Unsecured considered good, unless otherwise stated)		
Loan to employees	48.53	37.91
Security deposits	7.96	81.13
	<b>56.49</b>	<b>119.04</b>

**Notes:**

- i) Refer note 32 for information on assets pledged as security by the Company.
- ii) Refer note 36 for disclosure of fair values in respect of financial assets measured at amortised cost.

<b>9.6 Other financial assets</b>		
Interest accrued but not due on fixed deposits	23.38	1.57
Interest subsidy receivable	112.31	52.91
	<b>135.69</b>	<b>54.48</b>

**Notes:**

- i) Refer note 32 for information on assets pledged as security by the Company.
- ii) Refer note 36 for disclosure of fair values in respect of financial assets measured at amortised cost.

<b>10 Other current assets</b>		
Advances to suppliers*	1,506.79	1,121.24
Prepaid expenses	140.23	118.79
Balances with statutory and government authorities	1,289.92	1,524.44
Others recoverable	299.79	418.05
	<b>3,236.73</b>	<b>3,182.52</b>
*Includes amounts due from entities in which directors of the Company are able to exercise control or have significant influence (refer note 40)	63.00	0.17

**Note:**

- i) Refer note 32 for information on assets pledged as security by the Company.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2020	As at 31 March 2019
<b>11 Equity share capital</b>		
<b>Authorised capital</b>		
25,000,000 equity shares of ₹ 10 each (as at 31 March 2019: 25,000,000)	2,500.00	2,500.00
	<b>2,500.00</b>	<b>2,500.00</b>
<b>Issued, subscribed and fully paid up</b>		
20,732,064 equity shares of ₹ 10 each (as at 31 March 2019: 20,732,064)	2,073.21	2,073.21
	<b>2,073.21</b>	<b>2,073.21</b>

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

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	20,732,064	2,073.21	21,732,064	2,173.21
Buy-back of equity shares during the year [refer note (vi) below]	-	-	(1,000,000)	(100.00)
Balance at the end of the year	<b>20,732,064</b>	<b>2,073.21</b>	<b>20,732,064</b>	<b>2,073.21</b>

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

**iii) Shareholders holding more than 5% of the shares**

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% of share- holding	Number of shares	% of share- holding
Sidhant and Mannat Company Limited	6,282,995	30.31	5,229,714	25.23
Simran and Shanaya Company Limited	4,404,000	21.24	4,404,000	21.24
Kanchi Investments Limited	1,948,206	9.40	1,948,206	9.40
Nahar Capital and Financial Services Limited	1,651,215	7.96	1,651,215	7.96
Nagdevi Trading and Investment Company Limited	85,192	0.41	1,185,150	5.72
	<b>14,371,608</b>	<b>69.32</b>	<b>14,418,285</b>	<b>69.55</b>

iv) The Company does not have any holding or subsidiary Company.

v) The Company has not issued any share pursuant to a contract without payment being received in cash in the current year and preceding five years. The Company has not issued any bonus shares in the current year and preceding five years.

vi) The Company issued public announcement dated 8 February 2019 for buy-back of 1,000,000 equity shares of face value of ₹ 10 each from its existing shareholders as on the record date of 22 February 2019 on a proportionate basis through "Tender Offer" route in accordance with the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 and the Companies Act, 2013 at a price of 550 per equity share, aggregating to ₹ 5,500 lakh. The tendering period for buy-back offer remained open from 19 March 2019 to 2 April 2019 and the settlement in respect of shares bought back have been completed on 10 April 2019. Extinguishment of the shares bought back have been completed on 11 April 2019. Consequent to the said buy-back and in accordance with the Ind AS 10 and 32, ₹ 100 lakhs had been reclassified from equity and ₹ 5,400 lakhs had been reclassified from other equity to other current financial liabilities during the previous year ended 31 March 2019.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2020	As at 31 March 2019
<b>12 Other equity</b>		
<b>i) Capital reserves</b>		
Balance at the beginning of the year	0.01	0.01
Add: Additions during the year	-	-
Balance at the end of the year	<b>0.01</b>	<b>0.01</b>
<b>ii) Capital redemption reserve</b>		
Balance at the beginning of the year	100.00	-
Add: Additions during the year	-	100.00
Balance at the end of the year	<b>100.00</b>	<b>100.00</b>
<b>iii) Securities premium</b>		
Balance at the beginning of the year	7,469.76	12,869.76
Less: Buy-back of equity shares#	-	(5,400.00)
Balance at the end of the year	<b>7,469.76</b>	<b>7,469.76</b>
<b>iv) Corporate social responsibility reserve</b>		
Balance at the beginning of the year	-	302.92
Less: Transfer to general reserve	-	(302.92)
Balance at the end of the year	-	-
<b>v) Special reserve</b>		
Balance at the beginning of the year	-	24,222.55
Less: Transfer to general reserve*	-	(24,222.55)
Balance at the end of the year	-	-
<b>vi) General reserve</b>		
Balance at the beginning of the year	38,134.09	12,753.19
Add: Transfer from retained earnings	-	1,000.00
Add: Transfer from special reserve	-	24,222.55
Less: Buy-back related expenses	(47.58)	(44.57)
Add: Transfer from corporate social responsibility reserve	-	302.92
Less: Transfer to capital redemption reserve	-	(100.00)
Balance at the end of the year	<b>38,086.51</b>	<b>38,134.09</b>
<b>vii) Retained earnings</b>		
Balance at the beginning of the year	595.08	(1,180.02)
Add: Profit for the year	6,269.01	5,959.61
Add: Other comprehensive income of the year (net of tax)	(76.22)	(40.61)
Less: Dividend*#	-	(2,607.85)
Less: Dividend distribution tax*#	-	(536.05)
Less: Transfer to general reserve	-	(1,000.00)
Balance at the end of the year	<b>6,787.87</b>	<b>595.08</b>
<b>Total other equity (i+ii+iii+iv+v+vi+vii)</b>	<b>52,444.15</b>	<b>46,298.94</b>

\* Board of Directors have recommended a final dividend of 50% (₹ 5 per equity share having face value of ₹ 10 each) as at 31 March 2020 (as at 31 March 2019: ₹ Nil), subject to the approval of shareholders in ensuring Annual General Meeting. In accordance with the Indian Accounting Standard 10 - Events after the Reporting Period, proposed dividend for the current year and dividend distribution tax thereon has not been recognised as a distribution of profits in the current year's accounts.

# Transaction with owners in their capacity as owner.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

**Nature and purpose of reserves**
**Capital reserve**

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

**Capital redemption reserve**

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

**Securities premium**

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

**Corporate social responsibility ('CSR') reserve**

Corporate social responsibility reserve comprised the amount set aside to contribute towards its corporate social responsibility obligations. The reserve was to be utilised as and when the Company was ready to go ahead for the project. The Company spent ₹ 302.92 lakhs for the CSR activities during the previous year ended 31 March 2019. Accordingly, the amount set aside for CSR purpose had been transferred to general reserve and corresponding expense was recognised in statement of profit and loss (refer note 27 and 34).

**Special reserve**

This reserve represented appropriation of certain percentage of profits for the purpose of future acquisitions of any brand or business in line with the existing business of the Company to facilitate the expansion of its operations. The Company transferred ₹ 24,222.55 lakhs during the previous year ended 31 March 2019 to general reserve vide board resolution dated 13 November 2018 and these reserves are now available for the purpose of distribution of dividend as per provisions of the Section 2(43) of the Companies Act, 2013.

**General reserve**

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

**Retained earnings**

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

	As at 31 March 2020	As at 31 March 2019
<b>13.1 Borrowings (non-current)</b>		
(Secured)		
Term loan from banks	2,091.14	1,577.96
Less: current maturities (refer note 16.4)	460.40	291.31
	<b>1,630.74</b>	<b>1,286.65</b>

**Notes:**

i) Refer note 36 and 37 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

**ii) Security for term loans:**
**a) Security in respect of term loan facility sanctioned of ₹ 4,985.00 lakhs by State Bank of India:**
**Primary security:**

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

**Collateral security:**

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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

**b) Security in respect of term loan facility sanctioned of ₹ 1,332.00 lakhs by State Bank of India:**
**Primary security:**

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

**Collateral security:**

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

**Personal guarantee:**

Shri. Jawahar Lal Oswal  
 Shri. Kamal Oswal  
 Shri. Dinesh Oswal

**iii) Terms of repayment**

Repayment terms of the loans are as follows:

- a) Term loan from State Bank of India amounting to ₹ 1,025.58 lakhs (as at 31 March 2019: ₹ 1,281.98 lakhs) [sanctioned amount ₹ 4,985 lakhs and disbursed amount ₹ 2,326.21 lakhs (as at 31 March 2019: ₹ 2,326.21 lakhs)] repayment of which commenced from 30 June 2016, carrying interest rate of 0.65% above one year marginal cost of lending rate (MCLR), is repayable in 16 quarterly instalments of 64.10 lakhs each which would be due for repayment on 31 March 2024.
- b) Term loan from State Bank of India amounting to ₹ 1,065.56 lakhs (as at 31 March 2019: ₹ 295.98 lakhs) [sanctioned amount ₹ 1,332 lakhs and disbursed amount ₹ 1,225 lakhs (as at 31 March 2019: ₹ 295.98 lakhs)] repayment of which commenced from 8 September 2019 carrying interest rate of 0.70% over MCLR 1Y, present effective rate 9.25% p.a with monthly rests, is repayable in 20 monthly instalments of ₹ 51 lakhs each and last installment of ₹ 45.56 lakhs which would be due for repayment on 8 September 2025.

	As at 31 March 2020	As at 31 March 2019
<b>13.2 Lease liabilities (non-current)</b>		
Lease liabilities	7,038.90	-
	<b>7,038.90</b>	<b>-</b>

**Notes:**

- i) Refer note 42 for information related to lease liabilities.
- ii) Refer note 36 and 37 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

<b>13.3 Other financial liabilities</b>		
Security deposits from customers	1,685.49	1,532.57
	<b>1,685.49</b>	<b>1,532.57</b>

**Note:**

- i) Refer note 36 and 37 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

<b>14 Other non-current liabilities</b>		
Deferred income-government grant	117.15	131.07
	<b>117.15</b>	<b>131.07</b>

<b>15 Provisions (non-current)</b>		
Provision for gratuity (refer note 33)	193.25	203.06
	<b>193.25</b>	<b>203.06</b>



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2020	As at 31 March 2019
<b>16.1 Borrowings (current)</b>		
(Secured)		
Working capital loans and overdraft borrowings from banks	1,544.47	3,174.06
	<b>1,544.47</b>	<b>3,174.06</b>

**Notes:**

i) Refer note 36 and 37 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

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

Working capital loans from State Bank of India amounting to ₹ 1,044.47 lakhs (as at 31 March 2019: ₹ 1,429.36 lakhs) is carrying interest rate of 8.05% (as at 31 March 2019: 0.15% above MCLR).

**Terms of repayment:**

Working capital loans are repayable on demand.

**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

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

Overdraft borrowings from Federal Bank amounting to ₹ 500.00 lakhs (as at 31 March 2019: ₹ 1,744.70 lakhs) is carrying interest rate of 8.05% (as at 31 March 2019: 1.24% over treasury bill rate).

**Terms of repayment:**

Overdraft borrowings are repayable on demand.

**Primary security:**

First pari-passu charge created on mutual funds and first pari-passu charge created on current assets with Federal Bank.

**Collateral security:**

Second pari-passu charge on property measuring 14,278 sq. yards at Sherpur Kalan, GT Road, Ludhiana (Sale deed no. 14397 dated 13 October 2011).

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

**iv) Debt reconciliation statement in accordance with Ind AS 7:**

	Lease liabilities	Long-term borrowings*	Short-term borrowings	Total
<b>As at 1 April 2018</b>	-	1,538.38	4,033.55	<b>5,571.93</b>
<b>Cash flows:</b>				
Proceeds from borrowings	-	303.95	-	<b>303.95</b>
Repayment of borrowings	-	(264.36)	(859.49)	<b>(1,123.85)</b>
<b>Non-cash:</b>				
Impact of amortised cost adjustment for borrowings	-	0.00**	-	<b>0.00**</b>
<b>As at 1 April 2019</b>	-	1,577.96	3,174.06	<b>4,752.03</b>
<b>Cash flows:</b>				
Proceeds from borrowings	-	950.21	-	<b>950.21</b>
Repayment of borrowings	-	(437.04)	(1,629.59)	<b>(2,066.63)</b>
Payment of lease liabilities	(1,466.89)	-	-	<b>(1,466.89)</b>
<b>Non-cash:</b>				
Adjustment on adoption of Ind AS 116	8,870.80	-	-	<b>8,870.80</b>
Reclassification on adoption of Ind AS 116 [interest expense]	634.65	-	-	<b>634.65</b>
<b>As at 31 March 2020</b>	<b>8,038.56</b>	<b>2,091.13</b>	<b>1,544.47</b>	<b>11,674.17</b>

(\* Long-term borrowings include current maturities)

(\*\* ₹ 3,291)

	As at 31 March 2020	As at 31 March 2019
<b>16.2 Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises; and (refer note 35); and	147.01	293.06
Total outstanding dues of creditors other than micro enterprises and small enterprises*	16,589.05	13,161.90
	<b>16,736.06</b>	<b>13,454.96</b>
*Includes amounts due to entities in which directors of the Company are able to exercise control or have significant influence(refer note 40)	2,249.61	2,187.47

**Note:**

- i) Refer note 36 and 37 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

<b>16.3 Lease liabilities (current)</b>		
Lease liabilities	999.66	-
	<b>999.66</b>	<b>-</b>

**Note:**

- i) Refer note 42 for information related to lease liabilities.
- ii) Refer note 36 and 37 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
<b>16.4 Other financial liabilities</b>		
Current maturities of long-term loans from banks (refer note 13.1)	460.40	291.31
Interest accrued and due on borrowings	16.92	12.32
Creditors for capital goods	-	163.18
Security deposits from customers	363.92	203.95
Unpaid dividend [refer note (i) below]	13.09	13.11
Buy-back liability (refer note 11 and 12)	-	5,500.00
Refund liability	3,898.33	3,045.24
Employee related payables*	685.12	625.26
	<b>5,437.78</b>	<b>9,854.37</b>
*Includes amounts due to key management personnel (refer note 40)	85.76	54.61

**Notes:**

- i) There are no amounts due for payment to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013 as at the year end.
- ii) Refer note 36 and 37 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

<b>17 Other current liabilities</b>		
Advances from customers*	639.95	393.86
Statutory dues	263.30	293.47
Deferred income-government grants	13.88	13.88
Others	0.03	0.13
	<b>917.16</b>	<b>701.34</b>
*Includes amounts due to entities in which directors of the Company are able to exercise control or have significant influence (refer note 40)	0.21	-

<b>18 Provisions (current)</b>		
Provision for gratuity (refer note 33)	102.40	70.78
Provision for discount*	123.33	53.14
	<b>225.73</b>	<b>123.92</b>

<b>*Movement in provisions</b>	<b>Provision for discount</b>
<b>Balance as at 1 April 2018</b>	36.18
Add: Provision recognised during the year	53.14
Less: Provision utilised during the year	36.18
<b>Balance as at 31 March 2019</b>	<b>53.14</b>
<b>Balance as at 1 April 2019</b>	53.14
Add: Provision recognised during the year	123.33
Less: Provision utilised during the year	53.14
<b>Balance as at 31 March 2020</b>	<b>123.33</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>19 Revenue from operations</b>		
<b>Disaggregated revenue information</b>		
Sale of products (refer notes below)		
Export	75.29	110.54
Domestic	72,370.80	65,396.42
	<b>72,446.09</b>	<b>65,506.96</b>
<b>Other operating revenue</b>		
Insurance recovered from customers	101.31	116.63
Government grants	13.92	13.88
	<b>72,561.32</b>	<b>65,637.47</b>

**Note:**

Refer note 41 for reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price.

<b>20 Other Income</b>		
Interest income		
from banks	48.38	99.80
others	319.73	369.27
Net gain on foreign currency transaction	-	4.99
Profit on sale of property, plant and equipment (net)	3.01	-
Profit on sale of investments measurement FVTPL	41.92	2.40
Fair valuation of investments measured at FVTPL	635.18	908.49
CST/VAT refund	42.54	338.78
Miscellaneous	61.03	99.12
	<b>1,151.79</b>	<b>1,822.85</b>
<b>21 Cost of materials consumed</b>		
Opening stock of raw materials	3,154.24	2,935.47
Add: Purchases of raw materials during the year	17,328.33	16,623.91
	20,482.57	19,559.38
Less: Closing stock of raw materials	3,056.06	3,154.24
	<b>17,426.51</b>	<b>16,405.14</b>
<b>22 Purchases of stock-in-trade</b>		
Purchases of stock-in-trade	23,398.10	19,498.38
	<b>23,398.10</b>	<b>19,498.38</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>23 Changes in inventories of finished goods, work-in-process and traded goods</b>		
Opening stock		
Finished goods (including traded goods)	12,453.21	12,134.27
Right to recover returned goods	2,170.43	942.76
Work-in-process	729.20	811.69
	15,352.84	13,888.72
Closing stock		
Finished goods (including traded goods)	14,271.82	12,453.21
Right to recover returned goods	2,732.73	2,170.43
Work-in-process	859.21	729.20
	17,863.76	15,352.84
	<b>(2,510.92)</b>	<b>(1,464.12)</b>
<b>24 Employee benefit expense</b>		
Salary, wages and bonus	6,053.50	5,143.83
Contribution to provident and other funds (refer note 33)	649.11	570.78
Staff welfare expenses	259.34	234.58
	<b>6,961.95</b>	<b>5,949.19</b>
<b>25 Finance costs</b>		
<b>At amortised costs</b>		
Interest expense		
to banks	917.88	754.01
others*	781.14	140.57
Other borrowings cost	1.99	0.03
	<b>1,701.01</b>	<b>894.61</b>
*Includes finance cost on lease liability amounting to ₹ 634.65 lakhs for the year ended 31 March 2020 (for the year ended 31 March 2019: ₹ Nil).		
<b>26 Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment (refer note 2.1)	2,013.23	1,869.43
Amortisation on intangible assets (refer note 4)	41.91	40.40
Amortisation on leasehold land (refer note 2.1)	0.18	0.18
Depreciation on Right-of-use asset (refer note 2.2)	1,285.06	-
	<b>3,340.38</b>	<b>1,910.01</b>
<b>27 Other expenses</b>		
Power and fuel	584.87	566.95
Consumption of stores and spares parts	4,309.77	3,770.12
Rent (refer note (i) below)	373.85	1,464.37
Repairs to		
building	76.74	60.61
machinery	157.63	149.03
others	451.74	408.36

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Insurance	133.97	70.34
Legal and professional expenses (refer note (ii) below)	159.66	170.91
Rates and taxes	33.39	25.03
Travelling and conveyance	492.23	398.23
Processing charges	1,294.33	1,148.89
Commission on sale	1,522.74	1,279.73
Freight and forwarding expenses	990.29	981.66
Advertisement expenses	3,006.79	3,599.56
Amounts written off	-	116.86
Net loss on Foreign currency transaction	16.80	-
Provision for credit impaired receivables	51.85	-
Bad debts	27.00	-
Communication expenses	42.83	57.61
Corporate social responsibility expenses (refer note 34)	162.48	465.63
Loss on sale of property, plant and equipment (net)	-	17.99
Miscellaneous expenses	954.20	662.36
	<b>14,843.16</b>	<b>15,414.24</b>

**Notes:**

- (i) Effective 1 April 2019, the Company adopted Ind AS 116 “Leases”, applied to all lease contracts existing on 1 April 2019 using the modified retrospective method along with the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the Lease Liability. Accordingly, comparatives for the quarter and year ended 31 March 2019 have not been retrospectively adjusted. This has resulted in recognizing a ROU asset and a corresponding Lease Liability of ₹ 6,742.02 lakhs as at 1 April 2019. With the adjustment, other expenses is lower by ₹ 1,466.88 lakhs and depreciation and amortisation expense and finance cost is higher by ₹ 1,285.06 lakhs and ₹ 634.65 lakhs respectively and profit before tax is lower by ₹ 452.83 lakhs.

<b>(ii) Legal &amp; professional expense includes payment of auditors</b>		
As auditor:		
audit fee*	32.00	27.50
tax audit	1.65	1.58
out of pocket expenses	2.48	2.17
	<b>36.13</b>	<b>31.25</b>

\*Other than this, certification fees aggregating ₹ 1.50 lakhs for the year ended 31 March 2020 (for the year ended 31 March 2019: ₹ 2.50 lakhs), amongst other buy-back related expenses, have been adjusted against other equity [refer note 12(vi)].

<b>28 Income tax expense (refer notes below)</b>		
<b>Tax expense recognized in the statement of profit and loss</b>		
<b>Current tax</b>		
Current tax expense	2,337.82	2,272.37
<b>Total current tax expense</b>	2,337.82	2,272.37
<b>Deferred tax</b>		
Deferred tax (income)/expense	(53.91)	620.89
<b>Total deferred tax (income)/expense</b>	(53.91)	620.89
Tax in respect of earlier years	-	-
<b>Total income tax expense</b>	<b>2,283.91</b>	<b>2,893.26</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

**Notes:**

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>i) Reconciliation of tax liability on book profit vis-à-vis actual tax liability</b>		
Accounting profit before income tax	8,552.92	8,852.87
Enacted tax rate	25.17%	34.94%
Current tax expenses on profit before tax at the enacted income tax rate in India	2,152.60	3,093.55
Non-deductible differences	44.54	170.59
Tax on income at different rates	(36.86)	(317.46)
Deferred tax rate adjustments	196.72	-
Other adjustments	(73.09)	(53.42)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>2,283.91</b>	<b>2,893.26</b>

**ii) The movement in deferred tax assets and liabilities during the year ended 31 March 2020 and 31 March 2019**

	Balance sheet		Statement of profit and loss	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Accelerated depreciation for tax purposes	(289.92)	(303.21)	13.29	(25.60)
Expenditure incurred u/s 35D of the Income-tax act, 1961	-	-	-	(0.01)
Refund liabilities (net of right to receive goods)	(293.36)	(305.69)	12.33	(205.48)
Provision for discount	(31.06)	(18.57)	(12.49)	(5.43)
Employee benefits	(15.95)	(15.95)	-	6.99
Expenditure incurred u/s 43B of the Income-tax act, 1961	(147.13)	(88.93)	(58.20)	(13.09)
Fair valuation of investments	42.16	78.05	(35.89)	(42.24)
Change in accounting policies	-	-	-	941.13
Other items	(37.40)	(57.76)	20.36	(57.19)
Change in tax rates	(18.95)	-	(18.95)	-
<b>Deferred tax expense</b>			<b>(79.55)</b>	<b>599.08</b>
<b>Net deferred tax asset</b>	<b>(791.61)</b>	<b>(712.06)</b>		
Reflected in balance sheet as follows				
Deferred tax assets	(833.77)	(790.11)		
Deferred tax liabilities	42.16	78.05		
<b>Deferred tax assets (net)</b>	<b>(791.61)</b>	<b>(712.06)</b>		

**iii) Reconciliation of deferred tax assets**

	31 March 2020	31 March 2019
Opening balance	(712.06)	(1,311.10)
Tax (income)/expense during the year recognised in statement of profit or loss	(53.91)	620.89
Tax income during the year recognised in other comprehensive income	(25.63)	(21.81)
<b>Closing balance</b>	<b>(791.61)</b>	<b>(712.06)</b>

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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

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

The Taxation Laws (Amendment) Act, 2019 has amended the Income-tax Act, 1961 to provide an option to the Company to pay Income-tax at concessional rate of 22% plus applicable surcharge and cess, subject to certain specified conditions, as compared to the present rate of 30% plus applicable surcharge and cess for the assessment year 2020-21 onwards. The Company has availed the lower tax rate during the current year ended 31 March 2020 and accordingly remeasured deferred tax at such concessional rate resulting in reversal of its deferred tax assets to the extent of ₹ 196.72 Lakhs.

	As at 31 March 2020	As at 31 March 2019
<b>29 Contingent Liabilities</b>		
There are contingent liabilities in respect of :		
a) Claims against the Company not acknowledged as debt Indirect tax litigations - As against these litigations, the Company has deposited ₹ 2.31 lakhs (as at 31 March 2019: ₹ 2.31 lakhs) under protest. The Company is contesting these claims at various levels.	3.80	3.80

**Notes:**

- i) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.
- ii) Pursuant to judgement by the Hon'ble Supreme Court of India dated 28 February, 2019, it was held that basic wages, for the purpose of provident fund, should include certain allowances which are common for all employees. However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies and accordingly, the Company has not provided for any liability on account of this.

<b>30 Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits)	17.32	903.81

**31 Earnings per share (Ind AS 33)**

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

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Earnings per share (refer note below):</b>		
Profit attributable to the equity shareholders (A)	6,269.01	5,959.61
Total number of shares outstanding at the end of the year	207.32	207.32
Weighted-average number of equity shares (B)		
Basic	207.32	216.99
Diluted	207.32	221.92
Earnings per share (₹) (A/B) - Basic and diluted		
Basic	30.24	27.46
Diluted	30.24	26.85
Face value per equity share (₹)	10.00	10.00



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

**Note:**

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>i) Reconciliation of equity shares used in the computation of basic and diluted earnings per share:</b>		
Weighted-average number of equity shares-Basic	207.32	216.99
Effect of dilutive common equivalent shares (buy-back obligation)	-	4.93
Weighted-average number of equity shares-Diluted	207.32	221.92

	As at 31 March 2020	As at 31 March 2019
<b>32 Assets pledged as security</b>		
The carrying amounts of assets pledged as security for current and non-current borrowings are:		
<b>Current assets</b>		
<b>Financial assets</b>		
Floating charge		
Investments	9,793.54	8,980.82
Trade receivables	25,216.72	21,985.28
Cash and cash equivalents	134.43	3,265.54
Other bank balances not considered as cash and cash equivalents	1,142.29	225.36
Loans	48.53	37.91
Other financial asset	135.69	54.48
<b>Non financial assets</b>		
Floating charge		
Inventories	21,618.21	19,115.78
Other current assets	3,236.73	3,182.52
<b>Total current assets pledged as security</b>	<b>61,326.14</b>	<b>56,847.69</b>
<b>Non-current assets</b>		
<b>Financial assets</b>		
First charge		
Investment	3,571.39	4,772.11
Other financial assets	812.44	8.61
<b>Non financial assets</b>		
First charge		
Property, plant and equipment	15,178.03	14,855.29
Capital work-in-progress	248.54	2.38
<b>Total non-current assets pledged as security</b>	<b>19,810.40</b>	<b>19,638.39</b>

**33 Employee Benefits****a) Defined contribution plan**

The Company makes contribution towards employee's provident fund, employee's state insurance and labour welfare fund schemes. The Company has recognised ₹ 487.95 lakhs (for the year ended 31 March 2019: ₹ 452.54 lakhs) as contributions towards these schemes.

**b) Defined benefit plan**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. For the funded plan, the Company makes contributions to recognised funds in India.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2020	As at 31 March 2019
<b>(i) Changes in defined benefit obligation</b>		
Present value obligation as at the beginning of the year	1,303.79	1,093.73
Interest cost	105.36	84.81
Current service cost	161.16	118.24
Actuarial loss/(gain) - experience changes	6.26	(21.48)
Actuarial loss - financial assumption	86.17	71.63
Actuarial loss - demographic assumptions	-	4.18
Benefits paid	(53.70)	(47.32)
<b>Present value obligation as at the end of the year</b>	<b>1,609.04</b>	<b>1,303.79</b>
<b>(ii) Change in fair value of plan assets</b>		
Fair value of plan assets as at the beginning of the year	1,029.95	798.13
Interest income on plan assets	80.75	62.62
Employer contributions	265.81	224.61
Return on plan assets less than discount rate	(9.42)	(8.09)
Benefits paid	(53.70)	(47.32)
<b>Fair value of plan assets as at the end of the year</b>	<b>1,313.39</b>	<b>1,029.95</b>
<b>(iii) Breakup of actuarial loss/(gain):</b>		
Actuarial loss - financial assumption	86.17	71.63
Actuarial loss/(gain) - experience changes	6.26	(21.48)
Actuarial loss - demographic assumptions	-	4.18
Return on plan assets less than discount rate	9.42	8.09
	<b>101.85</b>	<b>62.42</b>
<b>(iv) Net liability recognised in the balance sheet</b>		
Present value obligation as at the end of the year	(1,609.04)	(1,303.79)
Fair value of plan assets as at the end of the year	1,313.39	1,029.95
<b>Net liability in the balance sheet</b>	<b>(295.65)</b>	<b>(273.84)</b>
<b>(v) Current/non-current bifurcation</b>		
Current benefit obligation	102.40	70.78
Non-current benefit obligation	193.25	203.06
<b>Liability recognised in the balance sheet</b>	<b>295.65</b>	<b>273.84</b>
<b>(vi) Amount recognized in the statement of profit and loss</b>		
Current service cost	161.16	118.24
Interest cost	105.36	84.81
Interest income on plan assets	(80.75)	(62.62)
<b>Expense recognised in the statement of profit and loss</b>	<b>185.77</b>	<b>140.43</b>
<b>(vii) Remeasurements recognised in the statement of other comprehensive income</b>		
Changes in financial assumptions	86.17	71.63
Experience adjustments	6.26	(21.48)
Changes in demographic assumptions	-	4.18
Return on plan assets less than discount rate	9.42	8.09
<b>Amount recognised in other comprehensive income</b>	<b>(101.85)</b>	<b>(62.42)</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
<b>(viii) Actuarial assumptions</b>		
Discount rate (p.a.)	6.77%	7.81%
Salary escalation rate (p.a.)	For first year - nil There after-10.00%	10.00%
Expected return on plan assets	6.77%	7.81%
Employee turnover rate	2.00%	2.00%
Retirement age	62 years	62 years
Mortality rate	Indian Assured Lives Mortality (2012-14) (modified) Ultimate	Indian Assured Lives Mortality (2012-14) (modified) Ultimate

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

<b>(ix) Sensitivity analysis for gratuity liability</b>		
The sensitivity of the overall plan obligations to changes in the weighted key assumptions are:		
<b>Present value of obligation at the end of the year</b>		
<b>Impact of the change in discount rate (p.a)</b>		
Impact due to decrease of 0.50%	111.65	81.82
Impact due to increase of 0.50%	(98.50)	(74.83)
<b>Impact of change in salary escalation rate (p.a)</b>		
Impact due to increase of 0.50%	67.95	53.84
Impact due to decrease of 0.50%	(62.38)	(47.61)

<b>(x) Expected future cash flows</b>		
The expected future cash flows in respect of gratuity as at 31 March 2020 are as follows:		
<b>The followings are the expected future benefit payments for the defined benefit plan</b>		
Upto 1 period	105.81	73.55
1-2 period	44.66	61.08
2-3 period	98.09	47.09
3-4 period	58.34	106.73
4-5 period	63.73	61.97
Above 5 periods	425.26	463.47

<b>(xi) Category of plan assets</b>		
LIC of India - Group Gratuity Cash Accumulation Fund	100.00%	100.00%

**(xii) Expected contribution**

The expected future employer contributions for defined benefit plan is ₹ 496.33 lakhs (for the year ended 31 March 2019: ₹ 434.99 lakhs).

**34 Corporate Social Responsibility**

The Company for its Corporate Social Responsibility ("CSR") has joined hands with other group companies and agreed to spend on CSR activities through a recognized charitable organization, M/s. Oswal Foundation. The Company would contribute its CSR contribution time to time to Oswal Foundation for the CSR activities undertaken by them. Apart from

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

this, company has also contributed to other trusts/organisation towards CSR activities. During the year, the Company has contributed ₹ 162.48 lakhs (Previous year 465.63 lakhs out of which ₹ 162.71 lakhs, ₹ 156.20 lakhs and ₹ 146.72 lakhs pertaining to financial year ended 31 March, 2019, 31 March, 2018 and 31 March, 2017 respectively) towards CSR activities.

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 and disclosures towards CSR activities are as follows:

	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Gross amount required to be spent by the Company as per section 135 of the Act.	162.48	154.71
(b) Amount spent during the year on:		
paid in cash/cash equivalents*	162.48	465.63
yet to be paid	-	-
	<b>162.48</b>	<b>465.63</b>
*Including contribution with Oswal Foundation (refer note 40)	161.43	457.63

**35 Dues to micro and small enterprises**

On the basis of confirmations obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:

Particulars	As at 31 March 2020	As at 31 March 2019
Principal amount due to suppliers under MSMED Act, 2006	91.52	230.91
Interest accrued and due to suppliers under MSMED Act, 2006 on above amount	15.01	15.46
Payment made to suppliers (other than interest) beyond appointed day during the year	-	-
Interest paid to suppliers under MSMED Act, 2006	-	-
Interest due and payable to suppliers MSMED Act, 2006 towards payments already made	-	-
Interest accrued and remaining unpaid as at end of the accounting year	55.09	62.15
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

**36 Fair value measurements****(a) Financial instruments by category**

Particulars	31 March 2020			31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets (non-current)</b>						
Investments	3,571.39	-	-	4,772.11	-	-
Loans	-	-	402.78	-	-	426.09
Other financial assets	-	-	812.44	-	-	8.61
<b>Financial assets (current)</b>						
Investments	9,793.54	-	-	8,980.82	-	-
Trade receivables	-	-	25,216.72	-	-	21,985.28
Cash and cash equivalents	-	-	134.43	-	-	3,265.54
Other bank balances	-	-	1,142.29	-	-	225.36
Loans	-	-	56.49	-	-	119.04
Other financial assets	-	-	135.69	-	-	54.48
<b>Total</b>	<b>13,364.93</b>	<b>-</b>	<b>27,900.84</b>	<b>13,752.93</b>	<b>-</b>	<b>26,084.40</b>
<b>Financial liabilities (non-current)</b>						
Borrowings	-	-	1,630.74	-	-	1,286.65
Lease liabilities	-	-	7,038.90	-	-	-
Other financial liabilities	-	-	1,685.49	-	-	1,532.57
<b>Financial liabilities (current)</b>						
Borrowings	-	-	2,004.87	-	-	3,465.37
Trade payables	-	-	16,736.06	-	-	13,454.96
Lease liabilities	-	-	999.66	-	-	-
Other financial liabilities	-	-	4,977.38	-	-	9,563.06
<b>Total</b>	<b>-</b>	<b>-</b>	<b>35,073.10</b>	<b>-</b>	<b>-</b>	<b>29,302.61</b>

**(b) Fair value hierarchy**

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

**Financial assets and liabilities measured at fair value - recurring fair value measurements**

Particulars	31 March 2020			31 March 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Investments at FVTPL	13,364.93	-	-	13,752.93	-	-
<b>Total financial assets</b>	<b>13,364.93</b>	<b>-</b>	<b>-</b>	<b>13,752.93</b>	<b>-</b>	<b>-</b>

**Valuation process and technique used to determine fair value**

- (i) The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

**Financial assets and liabilities measured at amortised cost**

Particulars	31 March 2020			31 March 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Trade receivables	-	-	25,216.72	-	-	21,985.28
Cash and cash equivalents	-	-	134.43	-	-	3,265.54
Other bank balances	-	-	1,142.29	-	-	225.36
Loans	-	-	459.27	-	-	545.13
Other financial assets	-	-	948.13	-	-	63.09
<b>Total financial assets</b>	-	-	<b>27,900.84</b>	-	-	<b>26,084.40</b>
<b>Financial liabilities</b>						
Borrowings	-	-	3,635.61	-	-	4,752.02
Trade payables	-	-	16,736.06	-	-	13,454.96
Lease liabilities	-	-	8,038.56	-	-	-
Other financial liabilities	-	-	6,662.87	-	-	11,095.63
<b>Total financial liabilities</b>	-	-	<b>35,073.10</b>	-	-	<b>29,302.61</b>

**Level 1** : Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2** : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

**Level 3** : If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in Level 3.

**(c) Fair value of financial assets and liabilities measured at amortised cost**

Particulars	31 March 2020		31 March 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Non-current				
i) Loans	402.78	402.78	426.09	426.09
ii) Other financial assets	812.44	812.44	8.61	8.61
Current				
i) Trade receivables	25,216.72	25,216.72	21,985.28	21,985.28
ii) Cash and cash equivalents	134.43	134.43	3,265.54	3,265.54
iii) Other bank balances	1,142.29	1,142.29	225.36	225.36
iv) Loans	56.49	56.49	119.04	119.04
v) Other financial assets	135.69	135.69	54.48	54.48
<b>Total financial assets</b>	<b>27,900.84</b>	<b>27,900.84</b>	<b>26,084.40</b>	<b>26,084.40</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

Particulars	31 March 2020		31 March 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities</b>				
Non-current				
i) Borrowings	1,630.74	1,630.74	1,286.65	1,286.65
ii) Lease liabilities	7,038.90	7,038.90	-	-
iii) Other financial liabilities	1,685.49	1,685.49	1,532.57	1,532.57
Current				
i) Current borrowings	2,004.87	2,004.87	3,465.37	3,465.37
ii) Trade payables	16,736.06	16,736.06	13,454.96	13,454.96
iii) Lease liabilities	999.66	999.66	-	-
iv) Other financial liabilities	4,977.38	4,977.38	9,563.06	9,563.06
<b>Total financial liabilities</b>	<b>35,073.10</b>	<b>35,073.10</b>	<b>29,302.61</b>	<b>29,302.61</b>

**d) Measurement of fair values**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (i) The management assessed that the fair values of loans, cash and cash equivalents, other bank balances, trade receivables, other current financial assets, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- (ii) The fair value of Company's fixed interest-bearing loans and receivables that approximate to their carrying amounts as it is based on discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.
- (iii) All the other long-term borrowing facilities availed by the Company are variable rate facilities which are subject to changes in underlying interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company's creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

**37 Financial risk management objectives and policies**

The Company's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loans, trade and other receivables and cash & cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The company's senior management oversees the management of these risks. The company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. This financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each risk, which are summarised as below:

**(A) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and payables/receivables in foreign currencies.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

**a) Market risk- Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company carries borrowings primarily at variable rate.

	As at 31 March 2020	As at 31 March 2019
Variable rate borrowings	3,635.61	4,752.02
Fixed rate borrowings	-	-
<b>Total borrowings</b>	<b>3,635.61</b>	<b>4,752.02</b>

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variable held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

50 bps decrease would increase the profit before tax by	18.18	23.76
50 bps increase would decrease the profit before tax by	(18.18)	(23.76)

**b) Market risk- Foreign currency risks**

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar and JPY. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. Considering the low volume of foreign currency transactions, the Company's exposure to foreign currency risk is limited and the Company hence does not use any derivative instruments to manage its exposure. Also, the Company does not use forward contracts and swaps for speculative purposes

(foreign currency in lakhs)

<b>Trade payables</b>		
USD	0.02	-
JPY	-	193.45
	0.02	193.45
<b>Total exposure</b>		
USD	0.02	-
JPY	-	193.45
The following significant exchange rates as at year end spot rate:-		
USD 1	75.39	69.17
JPY 100	0.70	0.63

**Foreign currency sensitivity**

The following table demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

(amounts in ₹ lakhs)

<b>USD Sensitivity</b>		
5% decrease would decrease the profit before tax by	0.08	-
5% increase would increase the profit before tax by	(0.08)	-
<b>JPY Sensitivity</b>		
5% decrease would decrease the profit before tax by	-	6.05
5% increase would increase the profit before tax by	-	(6.05)



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

**c) Market risk- Price risks**

The Company's exposure to equity securities price risk arises from investments in mutual funds held by the Company and classified in the balance sheet at fair value through profit and loss. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

	As at 31 March 2020	As at 31 March 2019
<b>Price sensitivity</b>		
<b>Investment in mutual funds</b>		
500 bps in NAV (net asset value) increase would increase the profit before tax by	668.25	687.65
500 bps in NAV (net asset value) decrease would decrease the profit before tax by	(668.25)	(687.65)

**(B) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

**(a) Credit risk management**

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- (i) Low credit risk on financial reporting date
- (ii) Moderate credit risk
- (iii) High credit risk

The Company provides for expected credit loss based on the following:

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables, investments and other financial assets	12 month expected credit loss
Moderate credit risk	Other financial assets	Life time expected credit loss or 12 month expected credit loss
High credit risk	Other financial assets	Life time expected credit loss fully provided

**Financial assets that expose the entity to credit risk**

	As at 31 March 2020	As at 31 March 2019
<b>Low credit risk on reporting date</b>		
Cash and cash equivalents	134.43	3,265.54
Other bank balances	1,142.29	225.36
Trade receivables	25,216.72	21,985.28
Investments	13,364.93	13,752.93
Loans	459.27	545.13
Other financial asset	948.13	63.09

**Cash and cash equivalents and bank deposits**

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

**Trade receivables**

Credit risk related to trade receivables are mitigated by taking bank guarantees, post dated cheques, etc. which results in low credit risk. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due.

	As at 31 March 2020	As at 31 March 2019
<b>Gross carrying amount of trade receivables</b>		
More than six months past due*	2,073.51	2,369.03
Less than six months past due	23,195.06	19,616.25
<b>Total</b>	<b>25,268.57</b>	<b>21,985.28</b>

\*Excluding provision for expected credit loss amounting to ₹ 51.85 lakhs.

**Loans and other financial assets measured at amortised cost**

Loans and other financial assets measured at amortized cost includes security deposits, term deposits with banks and interest accrued on deposits. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

**(C) Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt and overdraft from domestic banks at an optimised cost. It also enjoys strong access to domestic capital markets across equity.

**(a) Financing arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31 March 2020	As at 31 March 2019
<b>Floating rate</b>		
<b>Expiring within one year (cash credit and other facilities)</b>		
<b>Secured</b>		
Cash credit facilities	947.39	6,070.64
Overdraft facility	17,000.67	8,255.30
Rupees term loan from banks	-	1,026.20

The table below summaries the maturity profile of the Company's financial liabilities based on contractual undiscounted payments -

Particulars	0-1 Years	1 to 2 years	2 to 5 years	More than 5 years	Total
<b>Year ended 31 March 2020</b>					
Contractual maturities of borrowings	2,180.18	594.22	1,284.49	53.36	4,112.25
Contractual maturities of other financial liabilities (non-current)	-	-	-	1,685.49	1,685.49
Contractual maturities of trade payables and other payables	16,736.06	-	-	-	16,736.06
Contractual maturities of other financial liabilities (current)	5,437.78	-	-	-	5,437.78
Contractual maturities of lease liabilities	1,671.77	1,571.76	4,298.63	2,946.84	10,489.00
<b>Total</b>	<b>26,025.79</b>	<b>2,165.98</b>	<b>5,583.12</b>	<b>4,685.69</b>	<b>38,460.58</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

Particulars	0-1 Years	1 to 2 years	2 to 5 years	More than 5 years	Total
<b>Year ended 31 March 2019</b>					
Contractual maturities of borrowings	3,822.01	654.92	1,695.92	394.23	<b>6,567.08</b>
Contractual maturities of other financial liabilities (non-current)	-	-	-	1,532.57	<b>1,532.57</b>
Contractual maturities of trade payables and other payables	13,454.96	-	-	-	<b>13,454.96</b>
Contractual maturities of other financial liabilities (current)	9,854.37	-	-	-	<b>9,854.37</b>
<b>Total</b>	<b>27,131.34</b>	<b>654.92</b>	<b>1,695.92</b>	<b>1,926.80</b>	<b>31,408.98</b>

	As at 31 March 2020	As at 31 March 2019
<b>38 Dividend distribution made and proposed</b>		
<b>Equity shares</b>		
Final dividend for the year ended 31 March 2018 of 12 per share (excluding tax)	-	2,607.85
	-	<b>2,607.85</b>

**39 Capital management**

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern as well as to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents and other bank balances.

Borrowings	3,635.61	4,752.02
Less: Cash and cash equivalents	134.43	3,265.54
Less: Other bank balances	1,142.29	225.36
<b>Net debt</b>	<b>2,358.89</b>	<b>1,261.12</b>
<b>Equity</b>	<b>54,517.36</b>	<b>48,372.15</b>
<b>Capital and net debt</b>	<b>56,876.25</b>	<b>49,633.28</b>
<b>Gearing ratio</b>	<b>4.15%</b>	<b>2.54%</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current and previous period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

**40 Related party disclosure****a) Disclosure of related parties and relationship between the parties**

Nature of relationship	Name of related party
<b>(i) Key management personnel</b>	Jawahar Lal Oswal (Chairman and Managing Director)
	Sandeep Jain (Executive Director)
	Monica Oswal (Executive Director)
	Ruchika Oswal (Executive Director)
	Rishabh Oswal (Executive Director)
	Dinesh Gogna (Director)
	Paurush Roy (Independent Director)
	Ajit Singh Chatha (Independent Director)
	Amrik Singh Sohi (Independent Director)
	Suresh Kumar Singla (Independent Director)
	Manisha Gupta (Independent Director)
	Alok Kumar Misra (Independent Director)
	Sahil Jain (Company Secretary) (resigned w.e.f. 4 April 2019)
	Ankur Gauba (Company Secretary) (appointed w.e.f. 20 May 2019)
Raj Kapoor Sharma (Chief Financial Officer)	
<b>(ii) Enterprises over which key management personnel and their relatives are able to exercise significant influence (with whom transaction have taken place)</b>	Cotton County Retail Limited
	Nahar Industrial Enterprises Limited
	Nahar Spinning Mills Limited
	Oswal Woollen Mills Limited
	Oswal Foundation
<b>(iii) Enterprises having significant influence on the Company</b>	Mohan Dai Oswal Cancer Treatment & Research Foundation
	Sidhant and Mannat Company Limited Simran and Shanaya Company Limited

**(b) Disclosure of transactions between the Company and related parties and the status of outstanding balances:**

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>(i) Transactions - enterprises over which key management personnel and their relative are able to exercise significant influence</b>		
<b>Sale of goods</b>		
Nahar Spinning Mills Limited	1,108.57	893.44
Nahar Industrial Enterprises Limited	0.50	5.56
Cotton County Retail Limited	3.37	99.09
Oswal Woollen Mills Limited	52.48	45.25
Mohan Dai Oswal Cancer Treatment & Research Foundation	2.46	-
<b>Sales returns</b>		
Oswal Woollen Mills Limited	2.10	0.12
Nahar Spinning Mills Limited	44.75	42.23
Nahar Industrial Enterprises Limited	-	3.40
Cotton County Retail Limited	0.48	12.83

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Purchase of goods</b>		
Nahar Spinning Mills Limited	2,649.85	3,690.87
Nahar Industrial Enterprises Limited	340.25	392.64
Cotton County Retail Limited	7.14	290.80
Oswal Woollen Mills Limited	6,398.28	5,832.20
<b>Purchase of property, plant and equipment</b>		
Nahar Industrial Enterprises Limited	115.40	-
Cotton County Retail Limited	1.49	-
Oswal Woollen Mills Limited	1.04	45.09
<b>Purchase return</b>		
Oswal Woollen Mills Limited	43.99	-
Nahar Industrial Enterprises Limited	3.01	-
<b>Sale of property, plant and equipment</b>		
Mohan Dai Oswal Cancer Treatment & Research Foundation	9.01	-
<b>Rent paid</b>		
Nahar Spinning Mills Limited	67.20	79.68
Nahar Industrial Enterprises Limited	-	0.30
Oswal Woollen Mills Limited	152.18	109.89
<b>Processing charges paid</b>		
Nahar Spinning Mills Limited	105.78	142.75
Oswal Woollen Mills Limited	6.36	13.18
Cotton County Retail Limited	-	0.14
Nahar Industrial Enterprises Limited	3.77	11.15
<b>Reimbursement of expenses paid</b>		
Nahar Industrial Enterprises Limited	90.76	26.28
Nahar Spinning Mills Limited	18.28	21.96
Oswal Woollen Mills Limited	45.49	42.43
Mohan Dai Oswal Cancer Treatment & Research Foundation	2.15	-
Cotton County Retail Limited	0.78	-
<b>Reimbursement of expenses received</b>		
Nahar Industrial Enterprises Limited	10.45	-
Nahar Spinning Mills Limited	5.75	0.09
Oswal Woollen Mills Limited	32.05	10.38
<b>Contribution made to the fund (CSR activities)</b>		
Oswal Foundation (refer note 34)	161.43	457.63

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2020	As at 31 March 2019
<b>(ii) Year end balances - enterprises over which key management personnel and their relatives are able to exercise significant influence</b>		
<b>Trade payables</b>		
Nahar Spinning Mills Limited	425.18	224.53
Nahar Industrial Enterprises Limited	73.18	107.38
Cotton County Retail Limited	1.04	49.32
Oswal Woollen Mills Limited	1,750.21	1,806.23
<b>Trade receivable</b>		
Nahar Industrial Enterprises Limited	0.19	-
Mohan Dai Oswal Cancer Treatment & Research Foundation	0.28	-
Oswal Woollen Mills Limited	-	0.32
<b>Advances to suppliers</b>		
Nahar Spinning Mills Limited	59.56	-
Nahar Industrial Enterprises Limited	0.37	-
Oswal Woollen Mills Limited	3.07	0.17
<b>Advances from customers</b>		
Oswal Woollen Mills Limited	0.21	-

**(c) Disclosure of transaction between the Company and key management personnel and the status of outstanding balances:**

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>(i) Transactions - key management personnel</b>		
<b>Remuneration to KMP's</b>		
Director sitting fee	3.75	5.75
Employee benefits*	30.28	25.85
Managerial remuneration*	503.88	440.44
<b>*Name of KMP</b>		
Sandeep Jain	199.35	188.27
Monica Oswal	97.84	91.84
Ruchika Oswal	92.08	90.55
Rishabh Oswal	114.61	69.78
Raj Kapoor Sharma	21.28	17.20
Sahil Jain	-	8.65
Ankur Gauba	9.00	-

	As at 31 March 2020	As at 31 March 2019
<b>(ii) Year end balances - key management personnel</b>		
<b>Due to KMPs</b>		
Sandeep Jain	34.22	21.22
Monica Oswal	15.39	11.02
Ruchika Oswal	15.39	10.74
Rishabh Oswal	20.76	11.62

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

**Note:**

1. Personal guarantees have been given by Mr. Jawahar Oswal, Mr. Kamal Oswal and Mr. Dinesh Oswal towards term loan from State Bank of India amounting to ₹ 1,065.56 lakhs (as at 31 March 2019: ₹ 295.98 lakhs) and working capital loans from State Bank of India amounting to ₹ 1,044.47 lakhs (as at 31 March 2019: ₹ 1,429.36 lakhs).

**41 Revenue from contracts with customers (Ind AS 115)**

Ind AS 115 “Revenue from Contracts with Customers”, establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

- i) Identify the contract(s) with customer;
- ii) Identify separate performance obligations in the contract;
- iii) Determine the transaction price;
- iv) Allocate the transaction price to the performance obligations; and
- v) Recognise revenue when a performance obligation is satisfied

The Company is in the business of manufacturing and trading of textile garments which are considered to be homogeneous products.

**a) Disaggregation of revenue**

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

Revenue from operations	As at 31 March 2020		
	Sale of products	Other operating revenues	Total
<b>Revenue by geography</b>			
Export	75.29	-	75.29
Domestic	72,370.80	115.23	72,486.03
<b>Total</b>	<b>72,446.09</b>	<b>115.23</b>	<b>72,561.32</b>
<b>Revenue by time</b>			
Revenue recognised at point in time			72,561.32
Revenue recognised over time			-
<b>Total</b>			<b>72,561.32</b>

Revenue from operations	As at 31 March 2019		
	Sale of products	Other operating revenues	Total
<b>Revenue by geography</b>			
Export	110.54	-	110.54
Domestic	65,396.42	130.51	65,526.93
<b>Total</b>	<b>65,506.96</b>	<b>130.51</b>	<b>65,637.47</b>
<b>Revenue by time</b>			
Revenue recognised at point in time			65,637.47
Revenue recognised over time			-
<b>Total</b>			<b>65,637.47</b>

**b) Reconciliation of revenue recognised in Statement of Profit and Loss with contract price**

	As at 31 March 2020	As at 31 March 2019
Gross sale of products	88,917.93	82,110.69
Less: Adjustment on account of returns	(8,840.51)	(10,383.75)
Less: Adjustment on account of discounts	(7,631.33)	(6,219.98)
	<b>72,446.09</b>	<b>65,506.96</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

**c) Assets and liabilities related to contracts with customers**

Trade receivables (refer note 9.2)	25,216.72	21,985.28
Right to recover returned goods (refer note 8)	2,732.73	2,170.43
Advance from customers (refer note 17)	639.95	393.86
Refund liability (refer note 16.4)	3,898.33	3,045.24

**d) Revenue recognised in relation to contract liabilities**

a. Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	322.46	501.88
b. Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

**42 Leases (Ind AS 116)**

Effective 1 April 2019, the Company adopted Ind AS 116 “Leases”, applied to all lease contracts existing on 1 April 2019 using the modified retrospective method along with the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the Lease Liability. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted.

**Lease liabilities are presented in the statement of financial position as follows:**

Current	999.66	-
Non-current	7,038.90	-
<b>Total</b>	<b>8,038.56</b>	<b>-</b>

**Adoption of Ind AS 116 “Leases”**

Ind AS 116 “Leases” replaces Ind AS 17 “Leases” along with three interpretations (Appendix A ‘operating leases-incentives’, Appendix B ‘evaluating the substance of transactions involving the legal form of a lease’ and Appendix C ‘determining whether an arrangement contains a lease’).

The adoption of this new Standard has resulted in the Company recognising a right-of-use assets and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective method along with the transition option to recognise right-of-use assets at an amount equal to the Lease Liability.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being 01 April 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of Ind AS 116.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.

On transition to Ind AS 116, the weighted average incremental borrowing rate applied to lease liabilities recognised under Ind AS 116 was 8.30%.

a) The following is a reconciliation of total operating lease commitments at 31 March 2019 to the lease liabilities recognised at 1 April 2019

Particulars	Amount
Operating lease commitments at 31 March 2019	7,992.53
Remeasurement	1,250.51
Lease liabilities at 1 April 2019	6,742.02



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

- b) The following are amounts recognised in the statement of profit or loss:

	As at 31 March 2020	As at 31 March 2019
Depreciation of Right-of-use asset (refer note 2.2 & 26)	1,285.06	-
Interest expense on lease liabilities (refer note 25)	634.65	-
Rent expense (refer note 27)*	373.85	1,464.37
<b>Total</b>	<b>2,293.56</b>	<b>1,464.37</b>

\*Rent expense is term of short-term leases and low value leases

The Company has leases for exclusive brand showrooms. With the exception of short-term leases and low value leases, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. The Company is prohibited from selling or pledging the underlying leased assets as security.

- c) The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

No of right-of-use assets leased	67 assets
Range of remaining term (in years)	1 to 9 years
No of leases with extension options	64 leases
No of leases with termination options	67 leases

- d) Additions to ROU and carrying amount of ROU at the end of period

Carrying amount of ROU at the start of year	-	-
Add: Additions to ROU	8,870.80	-
Less: Depreciation of right to use asset (refer note 2.2 & 26)	1,285.06	-
Carrying amount of ROU at the end of year	<b>7,585.74</b>	-

- e) The disclosures for minimum lease payments in respect of such operating lease are as follows:

The Company has taken a number of exclusive brand showrooms under operating leases. The lease rent expenses recognized during the year amounts to ₹ 373.85 lakhs (for the year ended 31 March 2019: ₹ 1,464.37 lakhs). Refer note 37 for expected future minimum lease payments under non-cancellable operating leases.

**Lease payments not recognised as a liability**

The Company has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The Company does not have any liability to make variable lease payments for the right-to-use the underlying asset recognised in the financials.

The expense relating to short-term leases and low-value assets recognised are:

For short-term leases	370.58	-
For low-value assets	3.27	-
	<b>373.85</b>	-

Total cash outflow for leases for the year ended 31 March 2020 was 1,466.89 lakh.

**43 Segment information**

The Company's primary business segment is reflected based on principal business activities carried on by the Company. Chairman and Managing Director has been identified as being the Chief Operating Decision Maker ('CODM') and evaluates the Company's performance and allocates resources based on analysis of the various performance indicators of the Company as a single unit. Therefore, there are no separate reportable business segments as per Ind AS 108 "Operating Segments". The Company operates in one reportable business segment i.e., manufacturing and trading of textile garments and is primarily operating in India and hence, considered as single geographical segment. The sale of Company's products is seasonal.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ lakhs, unless stated otherwise)

**Entity wide disclosures:****(a) Information about products and services**

The Company's business operation comprises of single operating segment of manufacturing/trading of textile garment. Since the Company operates in one product line, therefore product wise revenue disclosure is not applicable.

**(b) Information about geographical area**

The Company's sales includes sales to customers which are domiciled in India and outside India. Below is the details of Company's revenue from customers domiciled in India and outside India:

	As at 31 March 2020	As at 31 March 2019
Revenue from external customers		
- domiciled outside India	75.29	110.54
- domiciled in India	72,370.80	65,396.42
	<b>72,446.09</b>	<b>65,506.96</b>

**(c) Information about major customers**

No single customer contributed 10% or more to Company's revenue.

**44 Estimation of uncertainties relating to the global health pandemic from COVID-19**

In March 2020, World Health Organization (WHO) had declared the outbreak of Novel Coronavirus "COVID-19" as a pandemic. This pandemic has severely impacted businesses around the globe. In many countries, including India, there has been severe disruption to regular business operations. Complying with the directives of Government, the plant and offices of the Company has been under lock-down, resulting thereto, the operations for the month of March 2020 have been impacted. The Company is monitoring the situation closely and the overall impact on the business of the Company will depend on future developments which cannot be reliably predicted.

Given the uncertainty of quick turnaround to normalcy, post lifting of the lock down, the Company has carried out a comprehensive assessment of possible impact on its business operations, financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. The Company does not foresee any significant incremental risk to the recoverability of its assets or in its ability to meet its financial obligations over the foreseeable future, given early and required steps taken to contain, protect and mitigate the exposure.

Pursuant to the relaxed guidelines, the Company has now resumed its manufacturing operations as allowed in keeping with Government advisories. Since the situations are continuously evolving, the impact assessed may be different from the estimates made as at the date of approval of these financial results and management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation.

**45 Approval of financial statements**

The financial statements were approved for issue by the board of directors on 24 June 2020.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date

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

**Sandeep Mehta**  
Partner  
Membership No. : 099410

Place : Mohali  
Date : 24 June 2020

For **Monte Carlo Fashions Limited**

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

**Raj Kapoor Sharma**  
(Chief Financial Officer)  
(Membership No. 093017)

Place : Ludhiana  
Date : 24 June 2020

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

**Ankur Gauba**  
(Company Secretary)  
(Membership No. FCS10577)





**TMC**

**MONTE CARLO FASHIONS LIMITED**

(CIN: L51494PB2008PLC032059)

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