



# MONTE CARLO FASHIONS LIMITED

Regd. Office : B-XXIX-106, G.T. Road, Shérpur, Ludhiana - 141003 (Pb.) India.

Tel.: 91-161-5048610, 5048620, 5048630, 5048640 Fax : 91-161-5048650

September 29, 2018

National Stock Exchange of India Limited Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai-400051	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001
Symbol : MONTECARLO	Scrip Code : 538836

Dear Sir/Madam,

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Annual Report for the Financial Year 2017-18 including Notice convening Tenth (10<sup>th</sup>) Annual General Meeting of the Company. This is for your information and records.

Kindly acknowledge the receipt of the same.

For MONTE CARLO FASHIONS LIMITED

CO. SECRETARY & COMPLIANCE OFFICER



# MONTE CARLO

It's the way you make me feel



**10<sup>th</sup>** Annual Report  
2017-18





**MONTE CARLO FASHIONS LIMITED**

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

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

**BOARD OF DIRECTORS**

Sh. Jawahar Lal Oswal	Chairman & Managing Director
Sh. Sandeep Jain	Executive Director
Smt. Ruchika Oswal	Executive Director
Smt. Monica Oswal	Executive Director
Sh. Rishabh Oswal	Executive Director (appointed w.e.f. 01.06.2018)
Sh. Dinesh Gogna	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
Dr. Yash Paul Sachdeva	Independent Director (resigned w.e.f. 25.05.2018)

**CHIEF FINANCIAL OFFICER**

Sh. Raman Kumar (resigned w.e.f. 13.11.2017)

**COMPANY SECRETARY**

Sh. Sahil Jain

**STATUTORY AUDITORS**

Walker, Chandiook & Co. LLP  
Chartered Accountants  
B-406 A, 4<sup>th</sup> Floor, L & T Elante Office  
Industrial Area, Phase I,  
Chandigarh-160002

**SECRETARIAL AUDITOR**

P. S. Dua & Associates, Ludhiana

**REGISTRAR & SHARE TRANSFER AGENT**

Link Intime India Private Limited  
Registered Office:  
C-101, 247 Park,  
L.B.S. Marg, Vikhroli (West),  
Mumbai – 400 083

**BANKERS**

State Bank of India  
Federal Bank Limited

**WORKS**

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

**10<sup>th</sup> ANNUAL GENERAL MEETING**

**DAY** : THURSDAY  
**DATE** : 27<sup>th</sup> September, 2018  
**TIME** : 11.00 A.M.  
**PLACE** : B-XXIX-106, G.T. Road, Sherpur,  
Ludhiana-141003.

**CONTENTS**

	<b>PAGE NO.</b>
Notice	02
Director's Report	10
Corporate Governance Report	34
Management Discussion and Analysis Report	47
Independent Auditor's Report	51
Balance Sheet	56
Statement of Profit & Loss	57
Cash Flow Statement	59
Significant Accounting Policies and Notes	61

**MONTE CARLO FASHIONS LIMITED**

(CIN: L51494PB2008PLC032059)

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

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

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

**NOTICE**

**NOTICE** is hereby given that the **Tenth (10<sup>th</sup>) ANNUAL GENERAL MEETING** of the members of **MONTE CARLO FASHIONS LIMITED** will be held as scheduled below:

**DATE** : 27<sup>th</sup> September, 2018

**DAY** : Thursday

**TIME** : 11:00 A.M.

**PLACE** : B-XXIX-106, G.T Road, Sherpur, Ludhiana-141003

to transact the following Business:-

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements for the Financial Year ended March 31, 2018 along with the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares of the Company for the Financial Year 2017-18.
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. Monika 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 ratify the appointment of Statutory Auditors and to fix their remuneration:

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

**"RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the appointment of M/s Walker Chandiook & Co. LLP, Chartered Accountants (Firm Registration No. 001076N/N500013), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Eleventh AGM of the Company at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors."

**SPECIAL BUSINESS:**

6. **To appoint Sh. Paurush Roy (DIN: 03038347) as an Independent Director of the Company:**

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

**"RESOLVED THAT** pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sh. Paurush Roy (DIN: 03038347), Non Executive Director of the Company, who was being taken note as an Independent Director by the Board of Directors in its meeting held on 25.05.2018, be and is hereby appointed as an Independent Director of the Company to hold office for three consecutive years w.e.f. 25.05.2018 and whose office shall not be liable to retire by rotation."

7. **To appoint Sh. Rishabh Oswal (DIN: 03610853) as Director of the Company:**

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

**"RESOLVED THAT** pursuant to Section 161 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force and rules made there under) Sh. Rishabh Oswal (DIN: 03610853), who was appointed as an Additional Director (Executive Director) of the Company by the Board of Directors in its meeting held on 25.05.2018 and who holds office upto this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, proposing the candidature of Sh. Rishabh Oswal for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. **To appoint Sh. Rishabh Oswal (DIN: 03610853) as an Executive Director of the Company:**

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

**"RESOLVED THAT** pursuant to Section 196, 197 and 203 read with Schedule V and other applicable provisions, if any,

of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force and rules made there under) and such other approvals as may be required, Sh. Rishabh Oswal (DIN: 03610853) be and is hereby appointed as an Executive Director of the Company for a term of five years w.e.f. 01.06.2018 on the terms and conditions mentioned herein below:

**REMUNERATION:**

**A. Basic Salary:**

₹ 4,50,000/- (Rupees Four Lakh Fifty Thousand only) per month with such increase as may be decided by the Board (which includes a committee thereof) from time to time, but subject to maximum Basic Salary of ₹ 12,00,000/- (Rupees Twelve Lakh only) per month during the aforesaid term.

**B. Perquisites and Allowances:**

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

**a. House Rent Allowance:**

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

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

As per Rules of the Company.

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

As per Rules of the Company.

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

As per Rules of the Company.

**e. Medical Allowance:**

Medical Allowance payable as per the decision of the Board, subject to one month's Basic Salary per year.

**f. Leave Travel Concession:**

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

**g. Club Fees:**

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

**h. Personal Accident Insurance:**

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

**i. Car/Telephone:**

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

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

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

**Place: Ludhiana**

**Date: 30.07.2018**

**Sahil Jain  
(Company Secretary)**

**NOTES:**

1. An explanatory statement pursuant to Section 102 of the Companies Act, 2013 with respect to Item No. 6, 7 and 8 of the Notice set out above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE 10<sup>TH</sup> ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE INSTRUMENT APPOINTING THE PROXY, DULY SIGNED, STAMPED AND COMPLETED IN ALL RESPECT, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM FOR THE ANNUAL GENERAL MEETING (AGM) IS ENCLOSED.**



**In terms of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.**

3. Pursuant to Section 113 of the Companies Act, 2013, corporate members intending to send their Authorized Representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the AGM.
4. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
5. Pursuant to Section 91 of the Companies Act, 2013 and Rule 10 of the Companies (Management and Administration) Rules, 2014 read with Regulation 42(5) of the Listing Regulations, the Share Transfer Books and Register of Members of the Company will remain closed from Friday, September 21, 2018 to Thursday, September 27, 2018 (both days inclusive).
6. The dividend, as recommended by the Board of Directors, if declared at the meeting, will be paid, within 30 days from the date of declaration, to the members holding shares as on the record date i.e. September 20, 2018 on 2,17,32,064 equity shares of the Company. In respect of shares held in dematerialized form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the respective depositories for this purpose.
7. Members wishing to claim dividend, which had remained unpaid are requested to contact Link Intime India Private Limited, Registrar and Share Transfer Agent (RTA). Members are requested to note that the amount of dividend which remains unclaimed for a period of 7 years from the date of such transfer to Unpaid Dividend Account will be transferred to the Investor Education and Protection Fund, as per section 205 A of the Companies Act, 1956 (Section 124 and 125 of the Companies Act, 2013).
8. Members holding shares in electronic form may note that bank particulars registered against their respective demat accounts will be used by the Company for payment of dividend. The Company or its RTA cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company/ RTA.
9. Members/ proxies/ authorized representatives are requested to:
  - (i) Bring their copies of Annual Report, Notice and Attendance Slip (enclosed herewith) duly completed and signed at the meeting. The duly filled in Attendance Slip must be surrendered at the counter before attending the meeting.
  - (ii) Quote their Folio/Client ID & DP ID Nos. in all correspondence.

The Annual Report of the Financial Year 2017-18 is being sent through electronic mode only to those members whose email addresses are registered with the Company/Depository Participant(s), if the members have not registered their email addresses, physical copies of the same are being sent by permitted mode.
10. Any Member desirous of receiving any information on the Financial Statements or operations of the Company is requested to forward his / her queries to the Company at the Registered Office at least seven working days prior to the AGM, so that the required information can be made available at the AGM.
11. The details of Directors seeking Appointment/ Re-appointment at the AGM as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and Secretarial Standard-2 is annexed herewith as **Annexure-A**.
12. All the documents referred to in the Notice of the meeting and shall remain open for inspection at the Registered Office of the Company during office hours on all the working days and will also be available for inspection by the members at the Annual General Meeting.
13. The Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 and the Register of Director and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, shall remain open during office hours on all the working days and also remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.
14. Members may also note that the Annual Report of the Company for the year ended 31<sup>st</sup> March, 2018, including notice of the 10<sup>th</sup> Annual General Meeting will be uploaded on the Company's website [www.montecarlocorporate.com](http://www.montecarlocorporate.com) and the same may also be accessed by the members from the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com).
15. Members holding shares in physical form are requested to notify change in their address, if any, along with self-attested copy of address proof i.e., Aadhaar Card / Electricity Bill / Telephone Bill / Driving License / Passport / Bank Passbook particulars to the Company/ Register and Transfer Agent. However, members holding equity shares in dematerialized form may notify the change in their address, if any, to their respective Depository Participants, as the case may be.

16. In compliance with Regulation 44 of Listing Regulations and pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Company is pleased to provide its members the facility of 'remote e-voting' (which means e-voting from a place other than venue of the General Meeting) to exercise their right to vote on the resolutions proposed to be considered at the AGM. For this purpose, the Company has engaged the services of M/s. Central Depositories Services (India) Ltd. (CDSL) for providing e-voting facility to enable the members to cast their votes electronically.
17. The Securities and Exchange Board of India (SEBI) vide its circular dated April 20, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account details for all Members holding shares in physical form. Therefore, the Members are requested to submit their PAN and Bank Account details either to the Company or to the Registrar and Share Transfer Agent (RTA) of the Company. In this regard, the Members are requested to submit a duly signed letter along with self-attested copy of PAN Card(s) of all the registered Members (including joint holders) along with original cancelled cheque/ a copy of Bank Passbook duly attested by the Bank, not being a date earlier than one month bearing the name of the sole / first holder. Members holding shares in demat form are requested to submit the aforesaid documents to their respective Depository Participant (s).
18. As per Regulation 40(7) of the Listing Regulations read with Schedule VII to the said Regulations, for registration of transfer of shares and for securities market transactions and / or for off market / private transactions involving transfer of shares in physical mode for listed Companies, it shall be mandatory for the transferee(s) as well as transferor(s) to furnish copies of PAN Card to the Company / RTA for registration of such transfer of shares. In case of transmission of shares held in physical mode, it is mandatory to furnish a copy of the PAN Card of the legal heir(s) / Nominee(s).
19. The facility for voting through ballot paper shall also be made available at the venue of the Annual General Meeting. The members attending the meeting, who have not casted their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the AGM but shall not be entitled to cast their vote again.
20. The Company has appointed Sh. Pritpal Singh Dua (CP No. 3934) of M/s. P.S. Dua & Associates, Company Secretaries as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.
21. The scrutinizer, after scrutinizing the votes cast at the AGM and through remote e-voting, shall make a consolidated report and submit the same to the Chairman of the meeting. The Results of the voting shall be placed along with the Scrutinizer's Report on the website of the Company i.e. [www.montecarlocorporate.com](http://www.montecarlocorporate.com) and on CDSL's website i.e. [www.evotingindia.com](http://www.evotingindia.com) and simultaneously be communicated to the Stock Exchanges.
22. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the AGM i.e. September 27, 2018.

**23. Voting through Electronic means:**

The instructions for shareholders voting electronically are as under:

- i) The voting period begins on 24<sup>th</sup> September, 2018 (at 09:00 A.M.) and ends on 26<sup>th</sup> September, 2018 (at 05:00 P.M.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on 20<sup>th</sup> September, 2018 (the Cut-Off date), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) The shareholders should log on to the e-voting website [www.evotingindia.com](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>	
<b>PAN</b>	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number mentioned on Attendance Slip indicated in the PAN field.</li> </ul>



Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the 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 EVSN for the relevant <Company Name> on which you choose to vote.
- xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- xix) **Note for Non - Individual Shareholders and Custodians**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details by custodian a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- xxi) Name, designation, address, e-mail ID and phone number of the person responsible to address the grievances connected with the evoting:  
 Sh. Sahil Jain,  
 Company Secretary and Compliance Officer  
 B-XXIX-106, G.T. Road, Sherpur, Ludhiana - 141003,  
 Ph. 0161-5066628, E-mail Id: [investor@montecarlocorporate.com](mailto:investor@montecarlocorporate.com).
- xxii) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 20<sup>th</sup> September, 2018 may follow the same instructions as mentioned above for e-Voting.

**24. Other Instructions:**

- i) As per the provisions of Section 101 and 136 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016, the service of notice/documents including Annual Report can be sent by e-mail to its members. Members who have not registered their e-mail addresses, so far, are requested to register their e-mail address with Company's Registrar & Transfer Agents, M/s. Link Intime India Pvt. Ltd and Depository Participant in case of Demat Shares, to enable the Company to send the notices, documents including Annual Reports by e-mail.
  - ii) The persons who have acquired shares and become members after the despatch of the notice may send a request to the Company Secretary for a copy of the Annual Report and can also attend the AGM or appoint a proxy. The Annual Report is also available on the website of the Company.
  - iii) A person, who is not a Member as on the cut-off date i.e. 20<sup>th</sup> September, 2018 should treat this Notice for information purposes only.
25. A route map and prominent land mark for easy location to the venue of AGM is given after the proxy form in the Annual Report.

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

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

**ITEM NO. 6**

The Sh. Paurush Roy is a Non Executive Director on the Board of the Company for last number of years. Commencing from 01.04.2018, Sh. Paurush Roy qualifies and fulfills all the conditions specified in the Companies Act, 2013, to be an Independent Director. In order to strengthen the Board in line with the requirements laid down under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, it has been decided by the Board of Directors in its meeting held on 25.05.2018 that henceforth he will be deemed to be an Independent Director for a term of three consecutive years commencing with effect from 25.05.2018 and his appointment as an Independent Director is subject to confirmation in the forthcoming Annual General Meeting by the members.

Sh. Paurush Roy, aged 44 years, holds an MBA degree from Indian Institute of Management (IIM), Lucknow and also received his B.E. degree from the Indian Institute of Technology (IIT), Roorkee. He has more than 15 years of experience and during his tenure he has worked with leading and emerging corporates across multiple sectors like energy, consumer goods, industrials, retail, and infrastructure, providing innovative, and customized financial solutions across the capital structure. He had also worked with HSBC, Citibank and Deutsche Bank. He joined the Board of our Company with effect from June 5, 2012. He does not have any shareholding in the Company.

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

Except Sh. Paurush Roy, the appointee, none of the other Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the proposed resolution as set out at Item No. 6 of the notice with regard to his appointment.

The Ordinary Resolution as set out in Item No. 6 of this Notice is accordingly recommended for your approval.

**ITEM NO. 7 & 8**

Pursuant to the provisions of Section 161 of the Companies Act, 2013 and on the recommendation of Nomination and Remuneration Committee of the Company, Sh. Rishabh Oswal (DIN: 03610853) was appointed as an Additional Director (Executive Director) by the Board of Directors of the Company in its meeting held on 25.05.2018 to be designated as an Executive Director for a term of 5 years w.e.f. 01.06.2018. Sh. Rishabh Oswal shall hold office of Directorship upto the date of this Annual General Meeting. He has already filed requisite consents and documents required under the Companies Act, 2013, before the Board and a notice from a Member proposing his candidature of Sh. Rishabh Oswal for the office of the Director of the Company under Section 160 of the Companies Act, 2013.

Sh. Rishabh Oswal, aged 26 Years, completed his B.A. Hons. in Management Studies from University of Nottingham, UK in 2013 and thereafter he completed PGP MFAB, Executive MBA from the prestigious Indian School of Business, Hyderabad. He joined Monte Carlo Fashions Limited as Senior Vice President-Operations in 2015 and he has also worked as President-Commercial of the Company. He is having 5 years of Experience in overall Administration. He also serves as Director of various other Group Companies. The Board of Directors considers that in view of the background and expertise of Sh. Rishabh Oswal, it would be in the interest of the Company to appoint him as Executive Director of the Company.

Except Sh. Rishabh Oswal, the appointee, Sh. Jawahar Lal Oswal, Sh. Sandeep Jain, Smt. Ruchika Oswal and Smt. Monica Oswal are related to Sh. Rishabh Oswal and therefore deemed to be interested in the resolution proposed in

regards to his re-appointment. None of the other Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the proposed resolution as set out at Item No. 7 and 8 of the notice with regard to his appointment.

The Ordinary & Special Resolution as set out in Item No. 7 and 8 of this Notice is accordingly recommended for your approval

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

**Place: Ludhiana  
Date: 30.07.2018**

**Sahil Jain  
(Company Secretary)**

**ANNEXURE-A**

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

Names	Smt. Ruchika Oswal			Smt. Monica Oswal		
Designation	Executive Director			Executive Director		
Date of birth/ age	25.02.1972/ 46 Years			25.02.1972/ 46 Years		
Date of appointment	10.08.2016			10.08.2016		
Qualification	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		
Experience	More than 18 years of experience in the field of Manufacturing & Administration.			More than 18 years of experience in the field of Marketing and Branding.		
Terms of appointment	Five Years			Five Years		
Remuneration for the Financial Year 2017-18:	₹ 8,936,940/-			₹ 9,703,177/-		
Disclosure of relationship:	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.		
Shareholding:	1050 Equity Shares			1050 Equity Shares		
No. of Board Meetings attended during the year:	4			1		
Other Directorships:	1. Girnar Investment Limited 2. Sidhant and Mannat Co. Limited 3. Simran and Shanaya Co. Limited 4. Ruchika Growth Fund Pvt. Ltd. 5. Kovalam Investment and Trading Co. Ltd. 6. Suvrat Trading Co. Limited			1. Girnar Investment Limited 2. Sidhant and Mannat Co. Limited 3. Simran and Shanaya Co. Limited 4. Monica Growth Fund Pvt. Ltd. 5. Vardhman Investments Ltd. 6. Atam Vallabh Financiers Limited 7. Oswal Leasing Limited		
Other Committee Membership/ Chairmanship:	Name of the Company	Name of the Committee	Designation	Name of the Company	Name of the Committee	Designation
		NIL		Oswal Leasing Limited	Audit	Member
					Stakeholders Relationship	Member



<b>Names</b>	<b>Sh. Paurush Roy</b>			<b>Sh. Rishabh Oswal</b>		
<b>Designation</b>	Independent Director			Executive Director		
<b>Date of birth/ age</b>	17.08.1974 / 44 Years			13.01.1992/ 26 Years		
<b>Date of appointment</b>	25.05.2018			01.06.2018		
<b>Qualification</b>	<ul style="list-style-type: none"> <li>Bachelor's Degree in Engineering from University of Roorkee (presently Indian Institute of Technology, Roorkee)</li> <li>Post Graduate Diploma in Management from Indian Institute of Management, Lucknow</li> </ul>			<ul style="list-style-type: none"> <li>B.A. Hons. in Management Studies from University of Nottingham, UK in 2013</li> <li>PGP MFAB, Executive MBA from the prestigious Indian School of Business, Hyderabad.</li> </ul>		
<b>Experience</b>	More than 15 years of experience in the field of Financial Services.			More than 5 years of experience in overall administration.		
<b>Terms of appointment</b>	Three Years			Five Years		
<b>Remuneration for the Financial Year 2017-18:</b>	NIL			₹ 2,596,400/-		
<b>Disclosure of relationship:</b>	Sh. Paurush Roy is not related to any of the Directors and Key Managerial Personnel of the Company.			Sh. Rishabh Oswal is the Grandson of Sh. Jawahar Lal Oswal and nephew of Smt. Ruchika Oswal and Smt. Monica Oswal.		
<b>Shareholding:</b>	NIL			70,000 Equity Shares		
<b>No. of Board Meetings attended during the year:</b>	4			N.A.		
<b>Other Directorships:</b>	<ol style="list-style-type: none"> <li>Thrivani Earthmovers Private Limited</li> <li>Samara India Advisors Private Limited</li> <li>Oaknet Healthcare Private Limited</li> <li>Oaknet Life Sciences Private Limited</li> <li>Cogencis Information Services Limited</li> <li>Sagista Realty Advisors Private Limited</li> <li>SMS Integrated Facility Services Private Limited</li> <li>Samara Alternate Investment Management LLP</li> </ol>			<ol style="list-style-type: none"> <li>Cotton County Retail Limited</li> <li>Hugs Food Private Limited</li> <li>Retailerkart E- Venture Private Limited</li> <li>Palam Motels Limited</li> <li>Oswal Woollen Mills Limited</li> <li>Oswal Denims Limited</li> </ol>		
<b>Other Committee Membership/ Chairmanship:</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			NIL	

## DIRECTORS' REPORT

To The Members,

Your Directors are pleased to present the Tenth (10<sup>th</sup>) Annual Report of the Company along with the Audited Financial Results for the year ended March 31, 2018.

### FINANCIAL SUMMARY

Financial Results for the year under review are summarized below:

(₹ In Lakhs)

Particulars	Financial Year ended on March 31, 2018	Financial Year ended on March 31, 2017
Revenue from operations	64,639.05	58,538.08
Other Income	1,768.01	2,393.19
Total Revenue	66,407.06	60,931.27
<b>Profit before Tax</b>	<b>8,986.14</b>	<b>6,471.29</b>
<b>Tax Expenses/ Adjustment</b>		
1. Current Tax	3,075.54	2,211.29
2. Deferred Tax	(61.54)	(155.64)
<b>Profit for the Year</b>	<b>5,972.14</b>	<b>4,415.64</b>
<b>Other Comprehensive Income / (Loss) (net of tax)</b>	<b>(52.08)</b>	<b>(128.18)</b>
<b>Total Comprehensive Income</b>	<b>5,920.06</b>	<b>4,287.46</b>
<b>Earnings Per Share (₹) – Basic &amp; Diluted</b>	<b>27.48</b>	<b>20.32</b>

Your Company has adopted Ind AS with effect from April 01, 2017, pursuant to a notification dated February 16, 2015, issued by the Ministry of Corporate Affairs, notifying the Companies (Indian Accounting Standard) Rules, 2015. The reconciliation and the effect of the transition as per GAAP vis-à-vis Ind AS has been provided in Note No. 39 of the Notes to the Accounts in the Financial Statements.

### PERFORMANCE REVIEW

In the Financial Year 2017-18, Your Company registered a steady growth of around 11% in the revenue from operations that has been increased to ₹ 64,639.05 Lakhs from ₹ 58,538.08 Lakhs achieved last year. The Net Profit for the period has also risen sharply by about 35% to ₹ 5,972.14 Lakhs as compared to ₹ 4,415.64 Lakhs of the previous year. The other income of the Company for the said Financial Year stood at ₹ 1,768.01 Lakhs. Since during the year, there was no major capital expenditure, the Depreciation Expenses have reduced from year to year on proportionate basis. This year the expenditure on advertisement was ₹ 2,484.29 Lakhs as compared to ₹ 2,992.34 Lakhs incurred last year. However since the denominator i.e the top line has gone up, the overall percentage has been reduced. Also it is the endeavor of the company that it should be debt free. Therefore, no long term fresh debt has been raised and rather it has been reduced to ₹ 1,281.98 Lakhs after paying off the installments during the year.

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 etc. During the reporting period, the Company had also launched its Fitness and Fashion wear range in the name of “ROCK IT”. The basic idea behind it was to introduce garments having an ideal combination of fitness and fashion. Initially, the products were sold through the e-commerce platforms and after considering the acceptability of the products and also to push its sales the Company has decided to market its new products through other distributing channels.

One of our key strengths has been our wide and growing distribution network with a wide presence across India through 2,500 plus Multi Brand Outlets (MBOs), 236 Exclusive Brand Outlets (EBOs) and 207 national chain store outlets. Majority of the Company's revenues comes from MBOs and franchise EBOs where we primarily sell on pre-orders and outright basis. By virtue of this business model, there is no major inventory risk and we remain adequately insulated from the normal hazard sales in the branded apparel business.

### SHARE CAPITAL

The Authorized Share Capital of your Company as at 31st March, 2018 stands at ₹ 250,000,000 divided into 25,000,000 Equity Shares of ₹ 10/- each. Further there was no change in the Company's Issued, Subscribed and Paid-up Equity Share Capital. As at 31st March, 2018, the Issued, Subscribed and Paid-up Equity Share Capital of the Company stood at ₹ 2,173.21 Lakhs divided into 21,732,064 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.

### **DIVIDEND ON EQUITY SHARES**

Based on the Company's performance, wherein, it has earned a Net Profit of ₹ 5972.14 Lakhs, your Board recommends a dividend of ₹ 12/- per Equity Share (Previous Year ₹ 10/-) of ₹ 10/- each (i.e 120%) 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 ₹ 3,143.90 Lakhs (including dividend tax).

### **TRANSFER TO RESERVES**

The Company has earned a total Profit after Tax of ₹ 5,972.14 Lakhs, out of which a sum of ₹ 1,791.64 Lakhs (30% of the profit after tax) has been transferred to Special Reserve maintained for the purpose of future expansions and acquisitions. Your Company has transferred a sum of ₹ 2,052.16 Lakhs to the General Reserve out of the profits of the Company.

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

There are no material changes or commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company i.e 31<sup>st</sup> March, 2018 and the date of this report.

### **PUBLIC DEPOSIT**

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

### **SUBSIDIARY, JOINT VENTURES OR ASSOCIATE COMPANIES**

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

### **BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNELS**

The Board of Directors 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:***

During the year under review, Dr. Sailen Kumar Chaudhuri (DIN: 01021930), Independent Director of the Company had resigned from the Directorship w.e.f. 07.02.2018, due to health issues. Also the Board of Directors in its meeting held on 25.05.2018 had accepted and approved the resignation tendered by Dr. Yash Paul Sachdeva (DIN: 02012337) as Independent Director of the Company, due to pre-occupation and personal circumstances. The Board placed on record the valuable services rendered by both Dr. Sailen Kumar Chaudhuri and Dr. Yash Paul Sachdeva during their tenure and expressed its deep sense of appreciation and gratitude for the same.

Further, the Board in its meeting held on 25.05.2018 had appointed Sh. Rishabh Oswal (DIN: 03610853) as an Additional Director and was designated as an Executive Director for a period of 5 years w.e.f. 01.06.2018, subject to the approval of Members at the ensuing Annual General Meeting of the Company. Also the Board has taken note of Sh. Paurush Roy (DIN: 03038347), Non-Executive Director Non Independent Director of the Company, being an Independent Director of the Company for a term of 3 consecutive years w.e.f. 25.05.2018. For the year commencing from 01.04.2018, Sh. Paurush Roy qualifies conditions to be an Independent Director. Accordingly, it has been decided by the Board that henceforth he will be deemed to be an Independent Director and his appointment as an Independent Director is subject to the confirmation by the members in the forthcoming Annual General Meeting after considering the Explanatory Statement attached to the notice calling Annual General Meeting.

#### ***Re-appointment of Executive Director***

During the year under review the members at their Ninth (9<sup>th</sup>) Annual General Meeting (AGM) held on 29<sup>th</sup> September, 2017, had the re-appointed Sh. Sandeep Jain (DIN: 00565760) as an Executive Director of the Company for a term of five years w.e.f. 01.08.2017.

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

**Statement of declaration from Independent Directors**

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

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

The Board of Directors had accepted the resignation of Sh. Raman Kumar as Chief Financial Officer of the Company w.e.f. 13.11.2017.

The following persons are the Key Managerial Personnel (KMP's) of the Company as at March 31, 2018 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. Sahil Jain	Company Secretary

**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 2017-2018, the Board met on 4 (Four) occasions viz. May 30, 2017, August 18, 2017, November 07, 2017 and February 07, 2018. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

**COMMITTEES OF THE BOARD**

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

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

Due to changes occurred in the composition of the Board by virtue of resignation of Dr. Yash Paul Sachdeva (DIN: 02012337) and take note of Sh. Paurush Roy (DIN: 03038347) being an Independent Director, various Committees of which they were the Chairperson(s)/ Member(s) were reconstituted by the Board in its meeting held on 25.05.2018. After detailed discussion about the requirements laid down under Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board reconstituted all the relevant Committees such as Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

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

**ANNUAL BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance, that of its committees and individual directors. Further, the Independent Directors of the Company met once during the year on February 07, 2018 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.

**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, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;

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

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

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.

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

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

The said Policy is available on Company's website and the web link for the same is <http://www.montecarlocorporate.com/pdf/NOMINATION-AND-REMUNERATION-POLICY.pdf>.

#### **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.

#### **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).

#### **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. The said policy is available at <http://www.montecarlocorporate.com/pdf/Corporate-Social-Responsibility-Policy.pdf>.

During the concerned Financial Year, the Company had tied up with Oswal Foundation for undertaking its CSR obligations. Based on the discussions with the foundation, the Company identified the project for setting up the Eye Care Center in a charitable hospital for which estimate amount of expenditure was of ₹ 8-10 Crores. However, the project had to be deferred by the said charitable medical institution. The Company also made efforts to identify projects in other areas. However, it was not able to identify meaningful projects, finalize implementation agencies and the target beneficiaries which would have created a visible impact on the society.

Due to the aforementioned reasons, the Company was not able to spend its CSR amount during the year. The Company remains committed towards the noble cause of social development and has accordingly, decided to carry forward the unspent amount of Financial Year 2017-18 to the next year. In pursuance thereof, the Company, in association with Oswal Foundation

has already begun helping to run the charitable hospital for the purposes of diagnosis & treatment besides other charitable activities under CSR already approved.

Accordingly, the company has now issued a cheque of ₹ 302.92 Lakhs, which includes the amount of ₹ 156.20 Lakhs of CSR liability for Financial Year 2017-18 in favour of Oswal Foundation for the purposes of CSR including promotion of charitable hospital being run by Mohan Dai Oswal Cancer Treatment & Research Foundation.

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.

## **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 2017-18 by the Company with its Group Companies. The details of all the related party transactions are placed before the Audit Committee and Board for its consideration and ratification on quarterly basis. Moreover, the Company has already accorded the approval of Members at its Annual General Meeting held on 29<sup>th</sup> September, 2017 for all the transactions entered into by the Company during the Financial Year 2017-18 with its related parties in its ordinary course of business.

The details of the transactions entered with Related Parties during the year are provided in the Company's Financial Statements at Note No. 38 of the Notes to Accounts in accordance with the relevant Accounting Standard.

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

## **PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS**

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

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

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

## **EXTRACT OF ANNUAL RETURN**

In terms of provisions of Section 92(3) and Section 134(3)(a) read with Rule 12 of Companies (Management and Administration) Rules, 2014 the extract of the Annual Return in form MGT-9 as at 31.03.2018 is annexed herewith as Annexure-C to this report. Also the copy of Annual Return for the Financial Year ended 31.03.2017 duly filed with the Registrar of Companies in terms of Section 92 of the Companies Act, 2013, has been placed on the website at <http://www.montecarlocorporate.com/pdf/Form-MGT-7-2016-17.pdf>.

## **INTERNAL CONTROL SYSTEM & ITS ADEQUACY**

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

## **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.



## **AUDITORS**

### ***Statutory Auditors & Auditor's Report***

M/s Walker Chandiook & Co. LLP (Firm Registration No: 001067N / N500013), Chartered Accountants, were appointed as Statutory Auditors of the Company in the 7<sup>th</sup> Annual General Meeting (AGM) to hold office up to the conclusion of the 12<sup>th</sup> AGM, subject to ratification by shareholders each year at the AGM.

As per Section 40 of the Companies Amendment Act, 2017, enforced on 7<sup>th</sup> May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditor is not required to be ratified at every AGM, still the Board of Directors proposed the ratification of appointment of M/s Walker Chandiook & Co. LLP, as the Statutory Auditors by the shareholders of the Company to hold the office from the conclusion of the forthcoming Annual General Meeting till the conclusion of 11<sup>th</sup> Annual General Meeting of the Company, in true sense of the resolution passed by the shareholders in their 7<sup>th</sup> AGM, as recommended by the Audit Committee.

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

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

### ***Secretarial Auditor***

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

There has been no qualification, reservation, adverse remark or disclaimer given by the Secretarial Auditor in his Report for the year under review and therefore, does not call for any further comments. The Secretarial Audit Report for the financial year 2017-18 is annexed as Annexure-D 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.

## **GOODS AND SERVICES TAX (GST)**

The Goods and Services Tax (GST) is a landmark reform which will have a lasting impact on the economy and on businesses. Your Company has successfully implemented and migrated to GST followed by the changes across operations have been made keeping in mind the changes that GST has brought in.

## **LISTING OF EQUITY SHARES**

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

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

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy against sexual harassment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. During the Financial Year 2017-18 the Company has not received any complaints on the same and hence, no complaint was pending as at 31<sup>st</sup> March, 2018.

## **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.

## **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-E and forms part of this report.

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

The information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to

Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed as Annexure-F.

**COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS**

During the year under review, your Company has duly complied with applicable provisions of the Secretarial Standards on meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

**HUMAN RESOURCE & INDUSTRIAL RELATIONS**

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

**ACKNOWLEDGEMENT & APPRECIATION**

Your 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: 30.07.2018**

**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 2017-18:**

**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 as at 31.03.2018 comprises of:

- a) Sh. Jawahar Lal Oswal Chairman
- b) Sh. Dinesh Gogna Member
- c) Dr. Yash Paul Sachdeva Member

**3. Average net profit of the Company for last three financial years** : ₹ 8,219.22 Lakhs

**4. Prescribed CSR Expenditure** : ₹ 164.38 Lakhs

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

- a) Total amount spent for the Financial Year : ₹ 8.18 Lakhs
- b) Amount unspent, if any : ₹ 156.20 Lakhs

c) Manner in which the amount spent during the Financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the State and District where project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: 1. Direct expenditure on projects or programs 2. Overheads:	Cumulative expenditure up to the reporting period	Amount spent District or through implementing agency.
1.	Distribution of Readymade Garments among needy people	Eradicating Poverty	Ludhiana City, District Ludhiana, Punjab	-	₹ 818,204.52	₹ 818,204.52	Through Implementing Agency i.e. Oswal Foundation

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

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. Last year, the project of Eye Care which was under consideration could not be taken up and discarded. Now the said society is considering a new health care project for the benefit of a charitable hospital. The Company is working proactively with the Foundation to finalize the project and in identifying new projects for fulfilling its CSR objectives. In the meantime, an amount of CSR obligation of ₹ 156.20 Lakhs which could not be spent during Financial Year 2017-18 has been set apart towards CSR activity reserve and would be carry forward to the next Financial Year.

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: 30.07.2018**



**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 2017-18, 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: 30.07.2018**

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

## ANNEXURE-C TO THE DIRECTOR'S REPORT

**FORM NO. MGT - 9**  
**EXTRACT OF ANNUAL RETURN**  
**AS ON THE FINANCIAL YEAR ENDED ON 31.03.2018**

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

**I. REGISTRATION & OTHER DETAILS:**

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

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Manufacturing of all types of Textile garments & clothing accessories	14101	81.35 % (₹ 524.91 Crores)

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

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

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

Category of Shareholders	No. of Shares held at the beginning of the year (as at 1 <sup>st</sup> April, 2017)				No. of Shares held at the end of the year (as at 31 <sup>st</sup> March, 2018)				%
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	328622	0	328622	1.51	328622	0	328622	1.51	0
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0
d) Bodies Corp.	13142883	0	13142883	60.48	13150233	0	13150233	60.51	0.03

Category of Shareholders	No. of Shares held at the beginning of the year (as at 1 <sup>st</sup> April, 2017)				No. of Shares held at the end of the year (as at 31 <sup>st</sup> March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0
f) Any other (Relative of Promoters)	580083	0	580083	2.67	580083	0	580083	2.67	0
<b>Sub-total(A)(1)</b>	<b>14051588</b>	<b>0</b>	<b>14051588</b>	<b>64.66</b>	<b>14058938</b>	<b>0</b>	<b>14058938</b>	<b>64.69</b>	<b>0.03</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>Sub-total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>14051588</b>	<b>0</b>	<b>14051588</b>	<b>64.66</b>	<b>14058938</b>	<b>0</b>	<b>14058938</b>	<b>64.69</b>	<b>0.03</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	807896	0	807896	3.72	665229	0	665229	3.06	0.66
b) Banks / FI	6961	0	6961	0.03	20368	0	20368	0.09	0.06
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)									
Foreign Portfolio Investors (FPI)	852597	0	852597	3.92	909813	0	909813	4.19	0.27
Alternate Investment Funds (AIF)	0	0	0	0	197858	0	197858	0.91	0.91
<b>Sub-total (B)(1):-</b>	<b>1667454</b>	<b>0</b>	<b>1667454</b>	<b>7.67</b>	<b>1793268</b>	<b>0</b>	<b>1793268</b>	<b>8.25</b>	<b>0.58</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	1162757	5250	1168007	5.37	1127834	0	1127834	5.19	(0.18)
ii) Overseas (Foreign Company)	2376570	0	2376570	10.94	2376570	0	2376570	10.94	0
b) Individual									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	1846232	12991	1859223	8.55	1747413	10883	1758296	8.10	(0.45)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	148076	16562	164638	0.76	180041	0	180041	0.83	0.07



Category of Shareholders	No. of Shares held at the beginning of the year (as at 1 <sup>st</sup> April, 2017)				No. of Shares held at the end of the year (as at 31 <sup>st</sup> March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
Hindu Undivided Family	114509	0	114509	0.53	110505	0	110505	0.51	(0.02)
Non Resident Indians	69019	0	69019	0.32	67104	0	67104	0.31	(0.01)
Directors and Their Relatives	1000	0	1000	0.00	1000	0	1000	0.00	0
Clearing Members	58507	0	58507	0.27	56759	0	56759	0.26	(0.01)
Trusts	201549	0	201549	0.93	201749	0	201749	0.93	0
<b>Sub-total (B)(2):-</b>	<b>5978219</b>	<b>34803</b>	<b>6013022</b>	<b>27.67</b>	<b>5868975</b>	<b>10883</b>	<b>5879858</b>	<b>27.06</b>	<b>(0.61)</b>
<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)</b>	<b>7645673</b>	<b>34803</b>	<b>7680476</b>	<b>35.34</b>	<b>7662243</b>	<b>10883</b>	<b>7673126</b>	<b>35.31</b>	<b>(0.03)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>21697261</b>	<b>34803</b>	<b>21732064</b>	<b>100</b>	<b>21721181</b>	<b>10883</b>	<b>21732064</b>	<b>100</b>	<b>0</b>

**ii) Shareholding of Promoter-**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as at 1 <sup>st</sup> April, 2017)			Shareholding at the end of the year (as at 31 <sup>st</sup> March, 2018)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Sidhant and Mannat Company Limited	5229714	24.06	0	5229714	24.06	0	0.00
2.	Simran And Shanaya Company Limited	4404000	20.26	0	4404000	20.26	0	0.00
3.	Nahar Capital & Financial Services Limited	1651215	7.60	0	1651215	7.60	0	0.00
4.	Nagdevi Trading & Investment Company Limited	1185150	5.45	0	1185150	5.45	0	0.00
5.	Vanaik Investors Limited	409273	1.88	0	409273	1.88	0	0.00
6.	Tanvi Oswal	175000	0.81	0	175000	0.81	0	0.00
7.	Kamal Oswal	109112	0.50	0	109112	0.50	0	0.00
8.	Jawahar Lal Oswal	108787	0.50	0	108787	0.50	0	0.00
9.	Dinesh Oswal	108623	0.50	0	108623	0.50	0	0.00
10.	Abhilash Oswal	107583	0.50	0	107583	0.50	0	0.00
11.	Sambhav Oswal	87500	0.40	0	87500	0.40	0	0.00
12.	Abhinav Oswal	70000	0.32	0	70000	0.32	0	0.00
13.	Rishabh Oswal	70000	0.32	0	70000	0.32	0	0.00
14.	Atam Vallabh Financiers Limited	67106	0.31	0	67106	0.31	0	0.00
15.	Oswal Woollen Mills Limited	58173	0.27	0	58173	0.27	0	0.00
16.	Manisha Oswal	52500	0.24	0	52500	0.24	0	0.00
17.	Vardhman Investments Limited	49718	0.23	0	49718	0.23	0	0.00

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as at 1 <sup>st</sup> April, 2017)			Shareholding at the end of the year(as at 31 <sup>st</sup> March, 2018)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
18.	Ritu Oswal	17500	0.08	0	17500	0.08	0	0.00
19.	Monica Oswal	1050	0.00	0	1050	0.00	0	0.00
20.	Ruchika Oswal	1050	0.00	0	1050	0.00	0	0.00
21.	Neha Credit & Investment Private Limited	42	0.00	0	42	0.00	0	0.00
22.	Vanaik Spinning Mills Limited	88492	0.41	0	95842	0.44	0	0.03
	<b>Total</b>	<b>14051588</b>	<b>64.66</b>	<b>0</b>	<b>14058938</b>	<b>64.69</b>	<b>0</b>	<b>0.03</b>

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

Sr. No.	Particulars	Shareholding		Cumulative Shareholding	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Vanaik Spinning Mills Limited</b>				
	At the beginning of the year	88492	0.41		
	Date wise Increase/Decrease in promoters shareholding during the year				
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>		
	26.04.2017	Increase	Purchase	2350	0.01
	27.04.2017	Increase	Purchase	5000	0.02
	At the end of the year			95842	0.44

\* Apart from the information provided, there was no change in the shareholding of any other promoter of the Company.

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding		Cumulative Shareholding	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Kanchi Investments Limited</b>				
	At the beginning of the year	2376570	10.94	2376570	10.94
	Date wise Increase/Decrease in shareholding during the year	No change during the year			
	<b>At the end of the year</b>			<b>2376570</b>	<b>10.94</b>
2.	<b>Goldman Sachs India Limited</b>				
	At the beginning of the year	791459	3.64	791459	3.64
	Date wise Increase/Decrease in shareholding during the year	No change during the year			
	<b>At the end of the year</b>			<b>791459</b>	<b>3.64</b>

Sr. No.	For Each of the Top 10 Shareholders			Shareholding		Cumulative Shareholding	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>3.</b>	<b>Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Pure Value Fund</b>						
	At the beginning of the year			807896	3.72	807896	3.72
	Date wise Increase/Decrease in shareholding during the year						
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	14.04.2017	Decrease	Sale	(30000)	(0.14)	777896	3.58
	05.05.2017	Decrease	Sale	(100000)	(0.46)	677896	3.12
	12.05.2017	Decrease	Sale	(127000)	(0.58)	550896	2.54
	19.05.2017	Increase	Purchase	48224	0.22	599120	2.76
	23.06.2017	Increase	Purchase	992	0.00	600112	2.76
	14.07.2017	Increase	Purchase	25600	0.12	625712	2.88
	11.08.2017	Increase	Purchase	3164	0.01	628876	2.89
	22.12.2017	Decrease	Sale	(1200)	(0.01)	627676	2.88
	29.12.2017	Decrease	Sale	(69947)	(0.32)	557729	2.56
	23.03.2018	Decrease	Sale	(300000)	(1.38)	257729	1.18
	31.03.2018	Increase	Purchase	300000	1.38	557729	2.56
	<b>At the end of the year</b>					<b>557729</b>	<b>2.56</b>
<b>4.</b>	<b>ICICI Prudential Life Insurance Company Limited</b>						
	At the beginning of the year			404047	1.86	404047	1.86
	Date wise Increase/Decrease in shareholding during the year						
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	05.05.2017	Decrease	Sale	(356)	(0.00)	403691	1.86
	19.05.2017	Decrease	Sale	(4916)	(0.02)	398775	1.84
	16.06.2017	Decrease	Sale	(1336)	(0.01)	397439	1.83
	23.06.2017	Decrease	Sale	(2085)	(0.01)	395354	1.82
	11.08.2017	Decrease	Sale	(2594)	(0.01)	392760	1.81
	<b>At the end of the year</b>					<b>392760</b>	<b>1.81</b>
<b>5.</b>	<b>Aditya Birla Private Equity Trust</b>						
	At the beginning of the year			341159	1.57	341159	1.57
	Date wise Increase/Decrease in shareholding during the year						
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	15.12.2017	Decrease	Sale	(4920)	0.02	336239	1.55
	22.12.2017	Decrease	Sale	(26796)	0.13	309443	1.42
	29.12.2017	Decrease	Sale	(101021)	0.46	208422	0.96
	16.02.2018	Decrease	Sale	(4010)	0.02	204412	0.94
	<b>At the end of the year</b>					<b>204412</b>	<b>0.94</b>
<b>6.</b>	<b>Aditya Birla Private Equity Sunrise Fund</b>						
	At the beginning of the year			201549	0.93	201549	0.93
	Date wise Increase/Decrease in shareholding during the year			No change during the year			
	<b>At the end of the year</b>					<b>201549</b>	<b>0.93</b>
<b>7.</b>	<b>Ashmore India Opportunities Fund</b>						
	At the beginning of the year			0	0		
	Date wise Increase/Decrease in shareholding during the year						
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	29.12.2017	Increase	Purchase	170000	0.78	170000	0.78
	09.02.2018	Increase	Purchase	2275	0.01	172275	0.79
	02.03.2018	Increase	Purchase	15583	0.07	187858	0.86
	09.03.2018	Increase	Purchase	10000	0.05	197858	0.91
	<b>At the end of the year</b>					<b>197858</b>	<b>0.91</b>

Sr. No.	For Each of the Top 10 Shareholders			Shareholding		Cumulative Shareholding	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>8.</b>	<b>Reliance Capital Trustee Co. Limited-Account Reliance Capital Builder Fund 4 SR C</b>						
	At the beginning of the year			0	0		
	Date wise Increase/Decrease in shareholding during the year						
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	02.02.2018	Increase	Purchase	107500	0.49	107500	0.49
	<b>At the end of the year</b>					<b>107500</b>	<b>0.49</b>
<b>9.</b>	<b>Gryffin Advisory Services Private Limited</b>						
	At the beginning of the year			0	0		
	Date wise Increase/Decrease in shareholding during the year						
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	25.08.2017	Increase	Purchase	55500	0.26	55500	0.26
	01.09.2017	Increase	Purchase	10000	0.05	65500	0.31
	08.09.2017	Increase	Purchase	15000	0.06	80500	0.37
	03.11.2017	Increase	Purchase	15000	0.07	95500	0.44
	29.12.2017	Decrease	Sale	(20000)	0.09	75500	0.35
	<b>At the end of the year</b>					<b>75500</b>	<b>0.35</b>
<b>10.</b>	<b>FE Securities Pvt.</b>						
	At the beginning of the year			0	0		
	Date wise Increase/Decrease in shareholding during the year						
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	07.07.2017	Increase	Purchase	23	0.00	23	0.00
	14.07.2017	Decrease	Sale	(23)	(0.00)	0	0.00
	29.09.2017	Increase	Purchase	16723	0.08	16723	0.08
	06.10.2017	Increase	Purchase	18277	0.08	35000	0.16
	13.10.2017	Increase	Purchase	10000	0.05	45000	0.21
	20.10.2017	Increase	Purchase	2605	0.01	47605	0.22
	27.10.2017	Increase	Purchase	3395	0.01	51000	0.23
	03.11.2017	Decrease	Sale	(1000)	(0.00)	50000	0.23
	10.11.2017	Increase	Purchase	17115	0.08	67115	0.31
	17.11.2017	Increase	Purchase	11548	0.05	78663	0.36
	24.11.2017	Decrease	Sale	(8663)	(0.04)	70000	0.32
	08.12.2017	Increase	Purchase	50	0.00	70050	0.32
	15.12.2017	Decrease	Sale	(50)	(0.00)	70000	0.32
	05.01.2018	Increase	Purchase	1327	0.01	71327	0.33
	12.01.2018	Decrease	Sale	(1327)	(0.01)	70000	0.32
	19.01.2018	Increase	Purchase	50	0.00	70050	0.32
	26.01.2018	Increase	Purchase	900	0.01	70950	0.33
	02.02.2018	Decrease	Sale	(10950)	(0.05)	60000	0.28
	09.02.2018	Increase	Purchase	5000	0.02	65000	0.30
	16.02.2018	Decrease	Sale	(348)	(0.00)	64652	0.30
	23.02.2018	Decrease	Sale	(4652)	(0.02)	60000	0.28
	09.03.2018	Increase	Purchase	1000	0.00	61000	0.28
	16.03.2018	Decrease	Sale	(1000)	(0.00)	60000	0.28
	<b>At the end of the year</b>					<b>60000</b>	<b>0.28</b>

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



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

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding		Cumulative Shareholding	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1.</b>	<b>Sh. Jawahar Lal Oswal</b>				
	At the beginning of the year	108787	0.50	108787	0.50
	Date wise Increase/Decrease in shareholding during the year	No change during the year			
	At the end of the year			108787	0.50
<b>2.</b>	<b>Smt. Ruchika Oswal</b>				
	At the beginning of the year	1050	0.00	1050	0.00
	Date wise Increase/Decrease in shareholding during the year	No change during the year			
	At the end of the year			1050	0.00
<b>3.</b>	<b>Smt. Monica Oswal</b>				
	At the beginning of the year	1050	0.00	1050	0.00
	Date wise Increase/Decrease in shareholding during the year	No change during the year			
	At the end of the year			1050	0.00
<b>4.</b>	<b>Sh. Dinesh Gogna</b>				
	At the beginning of the year	1000	0.00	100	0.00
	Date wise Increase/Decrease in shareholding during the year	No change during the year			
	At the end of the year			1000	0.00

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

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (₹)
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	654,297,752	-	-	654,297,752
ii) Interest due but not paid	1,130,057	-	-	1,130,057
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>655,427,809</b>	<b>-</b>	<b>-</b>	<b>655,427,809</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	-	-	-
* Reduction	97,105,238	-	-	97,105,238
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	557,192,514	-	-	557,192,514
ii) Interest due but not paid	1,243,810	-	-	1,243,810
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>558,436,324</b>	<b>-</b>	<b>-</b>	<b>558,436,324</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A) Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount (₹)
		Chairman & Managing Director	WHOLE TIME DIRECTORS			
		Sh. Jawahar Lal Oswal*	Sh. Sandeep Jain	Smt. Ruchika Oswal	Smt. Monica Oswal	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	16,995,828	8,936,940	9,703,177	35,635,945
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	<b>Total (A)</b>	-	<b>16,995,828</b>	<b>8,936,940</b>	<b>9,703,177</b>	<b>35,635,945</b>
	<b>Ceiling as per the Act</b>	10% of the Net Profits of the Company i.e. ₹ 899.43 Lakhs				

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

**B) Remuneration to other directors:**

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount (₹)
		Dr. Suresh Kumar Singla	Sh. Alok Kumar Misra	Dr. Yash Paul Sachdeva**	Sh. Ajit Singh Chatha	Dr. Amrik Singh Sohi	Dr. Manisha Gupta	
1.	<b>Independent Directors</b>							
	Fee for attending board committee meetings	40,000	40,000	-	20,000	20,000	40,000	1,60,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	40,000	40,000	-	20,000	20,000	40,000	1,60,000
2.	<b>Other Non-Executive Directors</b>	Sh. Dinesh Gogna	Sh. Paurush Roy*	-	-	-	-	-
	Fee for attending board committee meetings	40,000	-	-	-	-	-	40,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (2)	40,000	-	-	-	-	-	40,000
	Total (B)=(1+2)	80,000	40,000	-	20,000	20,000	40,000	200,000
	Total Managerial Remuneration (A+B)							35,835,945
	<b>Overall Ceiling as per the Act</b>	11% of the Net Profits of the Company i.e. ₹ 989.38 Lakhs						

\*During Financial Year no sitting fees was paid to Sh. Paurush Roy. Also the Board in its meeting held on 25.05.2018 taken note of him as an Independent Director of the Company subject to approval of members in the forthcoming Annual General Meeting.

\*\*Dr. Yash Paul Sachdeva has resigned from the Directorship w.e.f. 25.05.2018.

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	Chief Financial Officer	Total (₹)
1.	Gross salary	Sh. Sahil Jain	Sh. Raman Kumar*	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	811,584	1,418,917	2,230,501
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>811,584</b>	<b>1,418,917</b>	<b>2,230,501</b>

\* Resigned from the position of Chief Financial Officer w.e.f. 13.11.2017

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

There were no penalties/ punishments/ compounding of offences for breach of any section of the Companies Act, 2013 against the Company, its Directors or other officers in default, during the Financial year ended March 31, 2018.

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

**Place: Ludhiana**  
**Date: 30.07.2018**

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

## ANNEXURE-D TO THE DIRECTOR'S REPORT

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

FOR THE FINANCIAL YEAR ENDED 31.03.2018

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

To

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2018 (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, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

Provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made there under were not attracted during the audit period as there was no Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings as informed to us.

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not Applicable as the Company has not issued any securities during the audit period;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not Applicable as the Company has not granted any options to its employees during the audit period;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable as the Company has not issued any debt securities during the audit period;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not Applicable as the Company is not registered as Registrars to an Issue and Share Transfer Agents;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable as the Company has not delisted its equity shares during the audit period; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not Applicable as the Company has not bought back any of its securities during the audit period.

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

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with Stock Exchanges.



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

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

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

**We further report that:**

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

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

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

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

**We further report that** the Company has reconstituted its Audit Committee during the Audit period.

Place: - Ludhiana  
Date: - 24.05.2018

Signature: -  
Name of Company Secretary in Practice: -

Sd/-  
P. S. Dua  
FCS No. 4552  
C P No. 3934

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

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

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

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

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

**Sd/-**  
**Company Secretaries**  
**(CP No. 3934)**

**Date: - 24.05.2018**  
**Place: - Ludhiana**

## ANNEXURE-E 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 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 are as under:

S. No.	Name & Designation of Director / KMP	Remuneration for F.Y. 2017-18 (₹ in Lacs)	% Age increase in the remuneration in the F.Y. 2017-18	Ratio of Remuneration to each director to median remuneration of employees
1.	Sh. Jawahar Lal Oswal Chairman & Mg. Director	Nil*	N.A	N.A
2.	Sh. Sandeep Jain Executive Director	169.96	8.35	128.76
3.	Smt. Ruchika Oswal Executive Director	89.37	6.32	67.71
4.	Smt. Monica Oswal Executive Director	97.03	14.91	73.51
5.	Sh. Dinesh Gogna Non Executive Director	0.40	\$	0.30
6.	Sh. Paurush Roy Non Executive Director	Nil*	N.A	N.A
7.	Dr. Yash Paul Sachdeva Independent Director	Nil**	N.A	N.A
8.	Sh. Ajit Singh Chatha Independent Director	0.20	\$	0.15
9.	Dr. Suresh Kumar Singla Independent Director	0.40	\$	0.30
10.	Dr. Manisha Gupta Independent Director	0.40	\$	0.30
11.	Dr. Amrik Singh Sohi Independent Director	0.20	\$	0.15
12.	Sh. Alok Kumar Misra Independent Director	0.40	\$	0.30
13.	Sh. Raman Kumar Chief Financial Officer	14.19	@	N.A.
14.	Sh. Sahil Jain Company Secretary	8.11	10.54	6.15

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

\*\* Details not given as Sh. Yash Paul Sachdeva did not receive any sitting fee for Financial Year 2017-18.

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

@ Not Applicable as he had resigned w.e.f. 13.11.2017.

Dr. Sailen Kumar Chaudhuri resigned from the directorship w.e.f. 07.02.2018.

- The median remuneration of employees of the Company during the financial year was at ₹ 1.32 Lakhs.
- In the financial year, there was an increase of 6.35% in the median remuneration of employees.
- There were 1,580 permanent employees on the rolls of Company as on March 31, 2018.
- Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2017-18 was 5.21% whereas increase in the managerial remuneration for the same financial year was 3.64% (Remuneration given to CFO is not considered while calculating the average so as to make it comparable with the previous Financial Year).
- It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

**STATEMENT OF PARTICULARS OF EMPLOYEES UNDER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2018.**

**DETAILS OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN AND THE NAME OF THE PERSONS WHO WAS IN RECEIPT OF REMUNERATION NOT LESS THAN ₹102,00,000/- THROUGHOUT THE FINANCIAL YEAR 2017-18.**

Name of Employees	Age in years	Designation	Qualification	Nature of Employment	Experience in Years	Date of Commencement of Employment	Remuneration (in ₹)	Last Employment Held
Sh. Sandeep Jain	46	Executive Director	Graduate	Full-time	24	01.08.2012	16,995,828	Oswal Woollen Mills Limited
Smt. Monica Oswal	46	Executive Director	Graduate	Full-time	18	10.08.2011	9,703,177	Oswal Woollen Mills Limited
Smt. Ruchika Oswal	46	Executive Director	Graduate	Full-time	18	10.08.2011	8,936,940	Oswal Woollen Mills Limited
Sh. Rishabh Oswal	26	President-Commercial*	B.A.(Hons.), Executive MBA	Full-time	5	01.01.2015	2,596,400	Cotton County Retail Limited
Sh. Sumit Agrawal	40	Vice President	Graduate	Full-time	20	20.12.2015	2,219,590	Creative Line International Private Limited
Sh. Manish Chopra	40	V.P. Merchandising	Graduate	Full-time	20	01.04.2011	2,059,328	Oswal Woollen Mills Limited
Sh. Vikas Jain	41	V.P. Merchandising	Graduate	Full-time	18	01.04.2011	1,923,160	Oswal Woollen Mills Limited
Sh. Ashish Madan	39	Vice President (LFS)	Graduate	Full-time	20	23.07.2014	1,837,077	Aureole Inspects Pvt.Ltd
Sh. Devinderjeet Singh	44	V.P. Operations	M.Sc. (Hons.)	Full-time	19	01.04.2011	1,720,132	Oswal Woollen Mills Limited
Sh. Alok Jain	46	Vice President	B.Com (Hons.), MBA	Full-time	26	04.02.2013	1,645,176	Duke Fashions (India) Limited

\*Sh. Rishabh Oswal, President Commercial of the Company was appointed as Additional Director by the Board in its meeting held on 25.05.2018 to be designated as Executive Director w.e.f. 01.06.2018.

**DETAILS OF THE PERSON EMPLOYED THROUGHOUT THE YEAR AND WAS IN RECEIPT OF REMUNERATION AT THE RATE OF NOT LESS THAN ₹ 102.00 LAKHS PER ANNUM**

Name of Employee	Age in years	Designation	Qualification	Nature of Employment	Experience in Years	Date of Commencement of Employment	Remuneration (in ₹)	Last Employment Held
Sh. Sandeep Jain	46	Executive Director	Graduate	Full-time	24	01.08.2012	16,995,828	Oswal Woollen Mills Limited

**NOTES :**

1. Sh. Sandeep Jain is spouse of Smt. Ruchika Oswal, 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, 2018.

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

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

**Place: Ludhiana**  
**Date: 30.07.2018**



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

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

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

- The Company has installed bidirectional energy meter, which would help in supply of surplus energy to Punjab State Power Corporation Limited (PSPCL) during holidays and in off season.
- Installation of energy efficient LED lights by replacing all conventional lights.

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

In addition to the existing capacity of Solar Power Plant installed at the Registered Office/Factory situated at B-XXIX-106, G.T. Road, Sherpur, Ludhiana, the Company is planning to install another Solar Power Plant at its new warehousing facility situated at Focal Point.

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

Nil

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

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

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

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

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

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

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

Nil

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

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

(Amount in ₹)

	2017-2018	2016-2017
<b>i) Total Foreign Exchange outgo</b>	210,387,681.53	263,651,868.21
<b>ii) Total Foreign Exchange earned</b>	Nil	Nil

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

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

**Place: Ludhiana**  
**Date: 30.07.2018**

## REPORT ON CORPORATE GOVERNANCE

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

### COMPANY'S PHILOSOPHY

In Monte Carlo Fashions Limited, we strongly believe that establishing good corporate governance practices in each and every function of the organization 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.

### 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 30, 2017, August 18, 2017, November 07, 2017 and February 07, 2018. The maximum gap between any two Board meetings was less than One hundred and twenty days.

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 31.03.2018 are as under:

Name of the Director	Category of Director	No. of Board Meetings Attended	Attendance at AGM held on 29.09.2017	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	Not Present	9	-	-
Sh. Sandeep Jain <sup>4</sup>	Executive Director	4 of 4	Present	3	-	-
Smt. Ruchika Oswal <sup>4</sup>	Promoter, Executive Director	4 of 4	Not Present	5	-	-
Smt. Monica Oswal <sup>4</sup>	Promoter, Executive Director	1 of 4	Not Present	6	-	2
Sh. Dinesh Gogna	Non Executive, Non Independent Director	4 of 4	Present	9	1	5
Sh. Paurush Roy	Non Executive, Non Independent Director	4 of 4	Not Present	1	-	-
Sh. Ajit Singh Chatha	Non Executive Independent Director	2 of 4	Not Present	4	-	2
Dr. Suresh Kumar Singla	Non Executive Independent Director	4 of 4	Present	5	2	6
Dr. Yash Paul Sachdeva	Non Executive Independent Director	0 of 4	Not Present	2	-	1
Dr. Manisha Gupta	Non Executive Independent Director	4 of 4	Not Present	4	1	2
Dr. Amrik Singh Sohi	Non Executive Independent Director	2 of 4	Not Present	4	1	3
Sh. Alok Kumar Misra	Non Executive Independent Director	4 of 4	Not Present	5	1	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 as per Regulation 26 (1) (b) of the Listing Regulations 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 and Sh. Sandeep Jain is related to Sh. Jawahar Lal Oswal being husband of Smt. Ruchika Oswal.*

*Dr. Sailen Kumar Chaudhuri had resigned from the directorship w.e.f. 07.02.2018.*

*Further, the Board in its meeting held on 25.05.2018 appointed Sh. Rishabh Oswal as Additional Director to be designated as Executive Director w.e.f. 01.06.2018 and also Sh. Paurush Roy was taken note of being an Independent Director of the Company w.e.f. 25.05.2018.*

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, 2018.

#### **SHAREHOLDING DETAILS OF DIRECTORS AS ON 31.03.2018:**

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

<b>Name of Directors*</b>	<b>No. of Shares</b>
Sh. Jawahar Lal Oswal	108787
Smt. Ruchika Oswal	1050
Smt. Monica Oswal	1050
Sh. Dinesh Gogna	1000

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

#### **FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:**

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

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

The Board of Directors of the Company has laid down a Code of Conduct for all the Board Members and Senior Management Personnel of the Company. The Code has been communicated to the Directors and the members of Senior Management. The said Code of Conduct is available at the link [http://www.montecarlocorporate.com/pdf/Code\\_of\\_conduct.pdf](http://www.montecarlocorporate.com/pdf/Code_of_conduct.pdf). All the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. A declaration to this effect signed by Chairman & Managing Director of the Company is annexed to this report.

#### **COMMITTEES OF THE BOARD:**

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

##### **(A) Audit Committee:**

The Audit Committee comprises of 6 (Six) members with the Chairman of the Committee being an Independent Director. During the year under review, the Audit Committee met on 4 (four) occasions viz. May 30, 2017, August 18, 2017, November 07, 2017 and February 07, 2018 to deliberate on various matters. Not more than 120 days lapsed between any two consecutive meetings of the Audit Committee during the year. The necessary quorum was present at all the Meetings. The Chairman of the Audit committee was present at the last Annual General Meeting of the Company for addressing shareholders queries.

Further, the Audit Committee was reconstituted by the Board in its meeting held on 07.02.2018 pursuant to the resignation of Dr. Sailen Kumar Chaudhuri from the directorship and Sh. Alok Kumar Misra, Independent Director of the Company was appointed in his place as a member of the Committee.

The composition of the Audit Committee as at 31.03.2018 and particulars of meetings attended by the members during the financial year 2017-18 are given hereunder:

Sr. No.	Name of the Director	Position	Category	No. of Meetings attended
1.	Dr. Suresh Kumar Singla	Chairman	Non-Executive Independent	4
2.	Sh. Paurush Roy	Member	Non-Executive	4
3.	Dr. Yash Paul Sachdeva*	Member	Non-Executive Independent	0
4.	Sh. Dinesh Gogna	Member	Non-Executive	4
5.	Dr. Manisha Gupta	Member	Non-Executive Independent	4
6.	Dr. Alok Kumar Misra**	Member	Non-Executive Independent	Nil

\*Dr. Yash Paul Sachdeva had resigned from the Directorship w.e.f. 25.05.2018.

\*\*Appointed by the Board as member of the Committee on 07.02.2018.

The members of the Audit Committee are financially literate and bring in expertise in field of finance, taxation etc. The Company Secretary acts as the Secretary of the Committee. The head of Finance, Internal Auditors and the Statutory Auditors are permanent invitees in the meetings of the Committee. The terms of reference of the Audit Committee are in line with Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013 and rules made thereunder. The brief description of the terms of reference of the Committee is described below:

**Power of the Audit Committee:**

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

**Role of the Audit Committee**

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



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

**(B) Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises of 4 (Four) members (all are Non Executive Directors) and the Chairman of the Committee is an Independent Director. During the year under review, the Committee met twice on May 30, 2017 and February 07, 2018. 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 represented Dr. Yash Paul Sachdeva, Chairman of the Nomination and Remuneration Committee at the last Annual General Meeting of the Company for addressing shareholders queries.

The composition of the Nomination and Remuneration Committee as at 31.03.2018 and particulars of meetings attended by the members are given below:

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

\*Dr. Yash Paul Sachdeva had resigned from the directorship w.e.f. 25.05.2018.

**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.

**SEPARATE MEETING OF INDEPENDENT DIRECTORS**

The meeting of Independent Directors was held on February 07, 2018 inter alia:

- 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.

**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, 2018 are as follows:

(Amount in ₹)				
Name of the Director	Salaries, perquisites and Allowances	Commission	Sitting fees	Total
Sh. Jawahar Lal Oswal*	-	-	-	NIL
Sh. Sandeep Jain	16,995,828	-	-	16,995,828
Smt. Ruchika Oswal	8,936,940	-	-	8,936,940
Smt. Monica Oswal	9,703,177	-	-	9,703,177
Sh. Dinesh Gogna	-	-	40,000	40,000
Sh. Paurush Roy*	-	-	-	NIL
Sh. Ajit Singh Chatha	-	-	20,000	20,000
Dr. Suresh Kumar Singla	-	-	40,000	40,000
Dr. Yash Paul Sachdeva	-	-	-	NIL
Dr. Manisha Gupta	-	-	40,000	40,000
Dr. Amrik Singh Sohi	-	-	20,000	20,000
Sh. Alok Kumar Misra	-	-	40,000	40,000

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

Note: Dr. Sailen Kumar Chaudhuri had resigned from the directorship w.e.f. 07.02.2018.

**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 4 (Four) members and the Chairman of the Committee is Sh. Dinesh Gogna, Non Executive Director of the Company. During the year under review, Committee met on 4 (Four) occasions viz. May 30, 2017, August 18, 2017, November 07, 2017 and February 07, 2018. 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. Sh. Sahil Jain, Company Secretary is the Compliance Officer of the Company.

The table below highlights the composition and attendance of the Members of the Committee as on March 31, 2018:

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	3
4.	Dr. Yash Paul Sachdeva*	Member	Non-Executive Independent	NIL

*\*\*Dr. Yash Paul Sachdeva had resigned from the directorship w.e.f. 25.05.2018.*

**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:**

Particulars	No. of Complaints	Particulars	No. of Complaints
Pending as on 01-04-2017	2	Resolved during the year	14
Received during the year	12	Pending as on 31-03-2018	0

No complaints remained unattended/ pending for more than thirty days. The Company has no share transfers/ transmission pending as on 31<sup>st</sup> March, 2018. Further, no shareholders complaint/ grievance were received under 'SCORES' during the Financial Year 2017-18.

**(D) Corporate Social Responsibility Committee:**

The Board has constituted Corporate Social Responsibility (CSR) Committee in compliance with the provisions of Section 135 of the Companies Act 2013, comprising Sh. Jawahar Lal Oswal as Chairman, Sh. Dinesh Gogna and Dr. Yash Paul Sachdeva as members. The Committee met twice during the year viz., May 27, 2017 and August 14, 2017 and all the members of the Committee were present on both the occasions.

**Terms of Reference:**

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

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

**(E) SHARE TRANSFER COMMITTEE:**

Share Transfer Committee has been constituted to expedite and streamline the process of transfer /transmission/ dematerialization/ re-materialization etc. of the Equity Shares of the Company. The Committee comprises of Sh. Jawahar Lal Oswal as Chairman, Sh. Sandeep Jain and Sh. Dinesh Gogna as members. During the year under review, committee met on 2 (two) occasions viz. November 06, 2017 and March 15, 2018.

**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, 2018**

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

**GENERAL BODY MEETINGS:**

1. The details of the last three Annual General Meeting(s) of the Company are given as follows:

Year	Day and Date	Time	Venue	No. of Special Resolutions
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
2015-2016	Thursday, 29 <sup>th</sup> September, 2016	11.00 A.M.	Registered Office of the Company situated at B-XXIX-106, G. T. Road, Sherpur, Ludhiana-141003.	3
2014-2015	Tuesday, 29 <sup>th</sup> September, 2015	11.00 A.M.	Registered Office of the Company situated at B-XXIX-106, G. T. Road, Sherpur, Ludhiana-141003.	0

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

The Company has not conducted any Postal Ballot Exercise and Extra-Ordinary General Meeting during the Financial Year ended March 31, 2018.

**MEANS OF COMMUNICATION:**

- Prior intimation of the Board Meeting to consider and approve the Unaudited/ Audited Financial Results of the Company is submitted to the Stock Exchanges and also disseminated on the website of the Company.
- The Quarterly/ Half Yearly / Annual Financial Results of the Company are published generally through Business Standard (English-All Editions), Desh Sewak/ Punjabi Jagran (Punjabi) and are also posted on the Company's website i.e [www.montecarlocorporate.com](http://www.montecarlocorporate.com).
- Investor Presentations, Official Press Releases and other general information are sent to the Stock Exchange(s) and are also displayed on the Company's website.
- The Company's website also contains an exclusive section on '**Investor Relations**' which enables them to access information such as Quarterly / Half Yearly / Annual Financial Statements, Corporate Governance Reports, Shareholding Patterns and Press Releases in downloadable format as a measure of added convenience.
- SCORES is a web based complaint redress system. Action Taken Reports (ATRs) on the investor complaint(s) are uploaded on the SCORES for online viewing by investors of actions taken on the complaint by the Company and its current status.
- The Company has designated an exclusive email-id for investor services i.e [investor@montecarlocorporate.com](mailto:investor@montecarlocorporate.com).

**GENERAL SHAREHOLDER INFORMATION**

- Day & Date of 10<sup>th</sup> Annual General Meeting : Thursday, 27<sup>th</sup> Day of September, 2018
- Financial Year : 2017-18
- Time & Venue : At 11:00 A.M. at B-XXIX-106, G.T. Road, Sherpur, Ludhiana-141003
- Date of Book Closure : September 21, 2018 to September 27, 2018 (both days inclusive)
- Dividend Payment Date : Within 30 days from the date of declaration

- Listing on Stock Exchanges : The Equity Shares of the Company are listed on the following Stock Exchanges:-  
**BSE Limited (BSE)**  
 Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.  
**National Stock Exchange of India Limited (NSE)**  
 Exchange Plaza, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051.
- ISIN : INE950M01013
- Stock Code / Symbol : BSE- 538836  
 NSE- MONTECARLO

**Listing Fee / Annual Custody Fee:**

The Annual Listing Fee has been paid to BSE and NSE for the financial year 2018-2019. 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 2018-19.

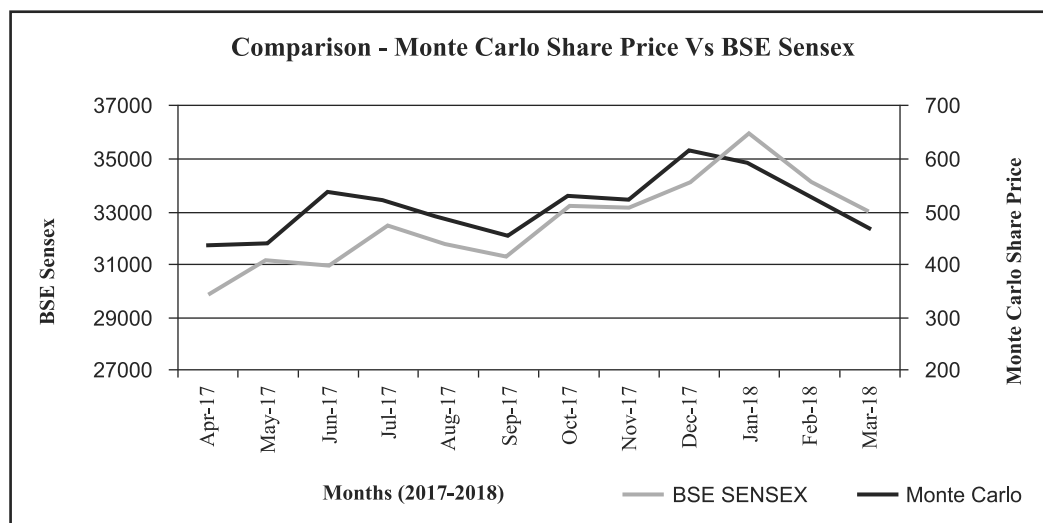
**Market Price Data:**

Market Price Data of Company's Equity Shares traded on BSE Limited, during the period April 01, 2017 to March 31, 2018:

Month	Share Price BSE			Volume No. of Shares	BSE SENSEX		
	High(₹)	Low(₹)	Closing (₹)		High(₹)	Low(₹)	Closing (₹)
April 2017	449.95	388.00	437.40	96,028	30184.22	29241.48	29918.40
May 2017	494.00	411.50	439.90	456,926	31255.28	29804.12	31145.80
June 2017	595.20	438.15	537.70	274,298	31522.87	30680.66	30921.61
July 2017	640.10	510.00	518.65	253,530	32672.66	31017.11	32514.94
Aug 2017	522.80	428.00	480.85	158,909	32686.48	31128.02	31730.49
Sep 2017	525.60	447.50	453.20	89,155	32524.11	31081.83	31283.72
Oct 2017	558.15	456.20	530.10	88,508	33340.17	31440.48	33213.13
Nov 2017	558.00	470.00	520.95	145,754	33865.95	32683.59	33149.35
Dec 2017	627.70	517.00	615.60	191,793	34137.97	32565.16	34056.83
Jan 2018	664.00	561.90	590.00	166,886	36443.98	33703.37	35965.02
Feb 2018	601.00	507.00	535.05	53,706	36256.83	33482.81	34184.04
Mar 2018	537.20	452.00	467.65	240,731	34278.63	32483.84	32968.68

(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:



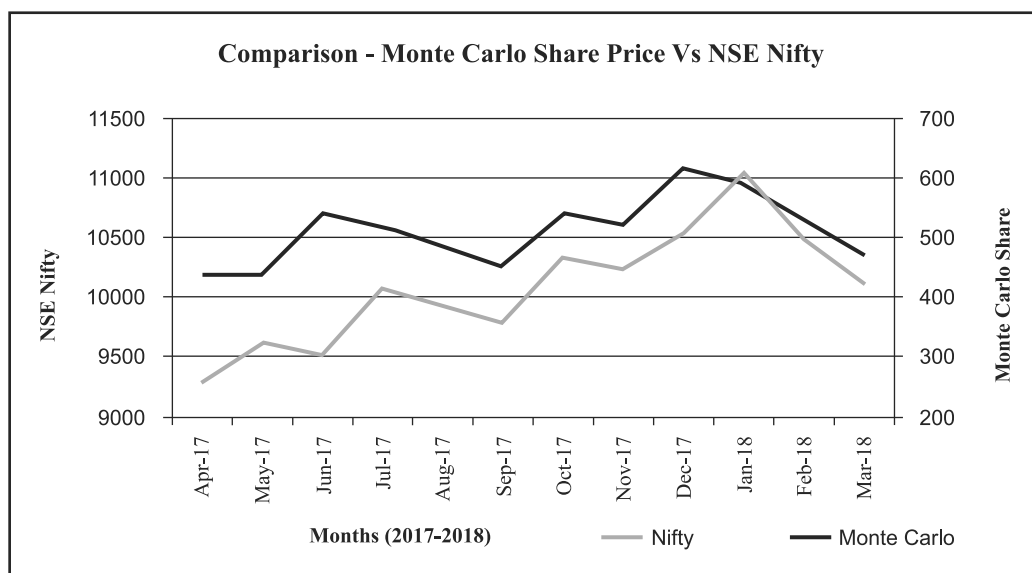


Market Price Data of Company's Equity Shares traded on National Stock Exchange of India Limited, during the period April 01, 2017 to March 31, 2018:

Month	Share Price NSE			Volume No. of Shares	NSE NIFTY		
	High(₹)	Low(₹)	Closing (₹)		High(₹)	Low(₹)	Closing (₹)
April 2017	449.40	390.35	436.50	358,270	9367.15	9075.15	9304.05
May 2017	495.00	421.00	440.40	992,070	9649.60	9269.90	9621.25
June 2017	595.90	439.10	540.25	1,381,771	9709.30	9448.75	9520.90
July 2017	641.40	515.10	519.45	1,502,902	10114.85	9543.55	10077.10
Aug 2017	524.50	412.65	482.10	491,142	10137.85	9685.55	9917.90
Sep 2017	527.00	447.20	451.35	357,898	10178.95	9687.55	9788.60
Oct 2017	558.00	455.25	529.60	552,952	10384.50	9831.05	10335.30
Nov 2017	558.60	464.15	521.25	1,033,230	10490.45	10094.00	10226.55
Dec 2017	629.50	515.00	614.15	1,185,076	10552.40	10033.35	10530.70
Jan 2018	664.00	560.15	588.10	1,358,838	11171.55	10404.65	11027.70
Feb 2018	597.70	474.40	532.30	487,919	11117.35	10276.30	10492.85
Mar 2018	539.00	453.05	469.00	405,168	10525.50	9951.90	10113.70

(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

44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-1, Near PVR Naraina, New Delhi-110028, PH: 011-41410592 Fax: 011-41410591, Email: delhi@linkintime.co.in

**Share Transfer System:**

Share Transfer Committee has been constituted to approve all the transfers, transmission, Demat/ remat of shares etc. and all the share transfer/transmission/transposition/ dematerialization/ re-materialization are handled by our Registrar and Transfer Agents 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.

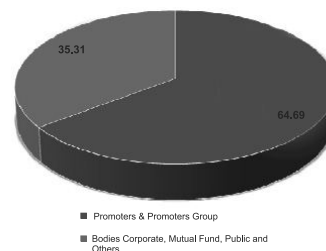
The Company also obtains a Certificate of Compliance with the share transfer formalities from a Practicing Company Secretary as required under Regulation 40(9) of Listing Regulations (erstwhile Clause 47 (c) of the Listing Agreement) and have submitted a copy of the said certificate with the Stock Exchanges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

**Distribution of Shareholding as on March 31, 2018:**

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	34278	99.07	1473772	6.78
2.	1001-5000	229	0.66	489412	2.25
3.	5001-10000	37	0.11	267911	1.23
4.	10001 & Above	57	0.16	19500969	89.74
	<b>Total</b>	<b>34601</b>	<b>100.00</b>	<b>21732064</b>	<b>100.00</b>

**Shareholding pattern as on 31.03.2018:**

Category	No. of Shares	% age
<b>Promoters &amp; Promoters Group</b>	14058938	64.69
<b>Bodies Corporate, Mutual Fund, Public and Others</b>	7674126	35.31



**Dematerialization of Equity Shares and Liquidity:**

As on March 31, 2018, 99.95% of the total equity share capital of the Company (21,721,181 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.

**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> 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-1, Near PVR Naraina, New Delhi-110028 Email: delhi@linkintime.co.in Tel: 011-41410592 Fax: 011-41410591

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

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.

#### **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. 38 in “Notes forming part of the Accounts” annexed to the Financial Statements for the year ended 31<sup>st</sup> March, 2018. 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.**

There were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital market during the last three years.

- **Vigil Mechanism / Whistle Blower Policy**

Pursuant to Section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy / Vigil Mechanism for Directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. Further the Audit Committee reviews and ensures the adequacy of the system laid down by the Company for the said purpose and no concern was reported during the Financial Year ended 31.03.2018. The said policy is also posted on the website of the Company viz: [www.montecarlocorporate.com](http://www.montecarlocorporate.com).

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

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

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

It is always the Company’s endeavour to present Audited Financial Statements with unmodified opinion. There is no audit modification in the Company’s Financial Statements for the year ended on March 31, 2018.

- **Reporting of Internal Auditor –**

The Internal Auditor of the Company is a permanent invitee to the Audit Committee Meetings and regularly attends the Meetings for reporting his audit findings to the Audit Committee.

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

As on March 31, 2018, your Company does not have any Subsidiary.

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

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

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

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

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

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

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

**Place: Ludhiana**  
**Date: 30.07.2018**

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

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

I hereby declare that all the Members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management for the year ended 31<sup>st</sup> March 2018.

**For Monte Carlo Fashions Limited**

**Place: Ludhiana  
Date: 25.05.2018**

**Jawahar Lal Oswal  
Chairman & Managing Director**

**CEO / CFO CERTIFICATION**

We the undersigned hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2018 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, 2018 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: 25.05.2018**

**Jawahar Lal Oswal  
Chairman & Managing Director**

**Raj Kapoor Sharma  
Vice President-Accounts**

**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 2018, as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR').

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

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

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

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

**Place: - Ludhiana  
Date: - 25.05.2018**

**Sd/-  
P.S. Dua  
(FCS No. 4552)  
(CP No.3934)**



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### ECONOMY & INDUSTRY SECTION

#### INDIA ECONOMIC OVERVIEW:

The Indian economy continues to be the flag-bearer for economic expansion in the global landscape. The economy temporarily decelerated in the first half of FY2018 primarily due to demonetization and the introduction of the Goods and Services Tax (GST). In the second half, the scenario improved meaningfully, and India jumped 30 spots in the World Bank's Ease of Doing Business rankings. India's economic growth is back on track and is set for a strong recovery after the period of disruptions sparked by demonetization and GST implementation.

The Government has progressed well on its agenda for all important economic reforms, which should support strong and sustainable growth going forward. In particular, the implementation of the GST, which has been in the making for over a decade, should help raise India's medium-term growth, as it is likely to enhance the efficiency of production and movement of goods and services across Indian states. India's overall outlook remains positive, driven by several factors. Strong private consumption and services are expected to continue to support economic activity. Meanwhile, the steady global trade recovery is expected to encourage exports. In line with the positive economic development, the IMF has projected India's growth at 7.8% for the next financial year FY2019.

Indian economy, one of the fastest growing economies of the world, is witnessing major shifts in consumer preferences. Increasing disposable income, brand awareness and increasing tech-savvy millennial population are the driving factors of corporatized retail within the country. Overall, Indian retail scenario has also shown sustainable long-term growth compared to other developing economies.

#### INDUSTRY OVERVIEW: APPAREL INDUSTRY

The Apparel Industry is fragmented and highly competitive. There are number of major players, but there are also countless niche stores and private companies that cater to specific demographics. A clothing company possessing a broad line-up of well-known brand(s) has a competitive advantage over its peers.

Favourable trade policies and increased penetration of organised retail among other factors contribute in making Indian fashion industry attractive for investors. The competition between the new entrants and existing players has ultimately benefited the Indian consumers as the firms have shifted their focus to improve the quality while reducing costs at the same time.

High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market. The domestic market for apparel and lifestyle products, currently estimated at US\$ 85 billion, is expected to reach US\$ 160 billion by 2025. (Source: www.ibef.org)

India's apparels industry is mainly dominated by the unorganized players. The increasing purchasing capacity and awareness of fashion and trend in small cities has resulted in providing a huge market to the organised players of the country. Entry of international brands, changes in preferences from non-branded to branded, the fast growing economy, large young consuming population in the country has made India a highly lucrative market. India has the world's largest youth population, which is becoming fashion conscious owing to mass media and social media penetration. This has opened unprecedented retail market opportunities.

Internet is another important platform for retailers. Consumers are increasingly spending more time on digital media for discovering latest trends, doing research, price comparisons etc.

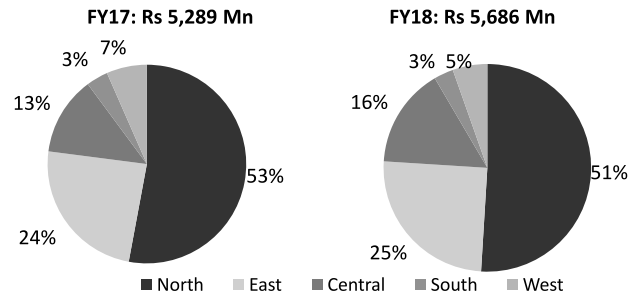
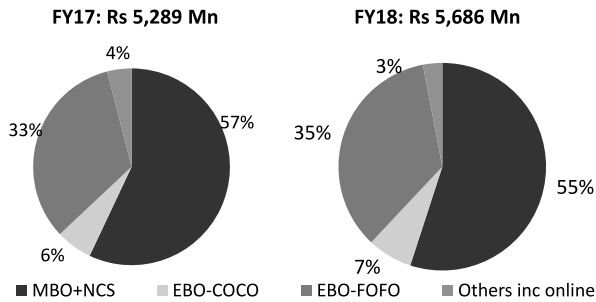
#### REGION & PRODUCT WISE REVENUE BREAKUP

Your Company has a well diversified presence across various categories such as Cottons, Woollens, Home Furnishings and Kids etc. Winter products are typically higher in value in terms of production cost as well as sales revenue. And hence, these generate higher revenue in comparison with our non-winter products. Historically, the Company's presence has been strong in the Northern and Eastern regions of India. Our endeavour is to increase our share of all-season products with pan-India appeal in order to increase revenues in southern and western regions of India. This would enable generation of a faster pace of growth and reduce the seasonal impact.

	Revenue Breakup – Region wise					Revenue Breakup – Product Wise			
	North	East	Central	South	West	Woollen	Cotton	Home Furnishings	Kids
<b>FY 2018</b>	51%	25%	16%	3%	5%	26%	61%	8%	5%
<b>FY 2017</b>	53%	24%	13%	3%	7%	28%	58%	9%	5%

**REVENUE \* BREAKUP – REGION CHANNEL WISE**

**REVENUE \* BREAKUP – REGION WISE**



\* Revenue from Core Products, excluding yarn and fabric sales and miscellaneous sales

**STRONG RETAIL & DISTRIBUTION NETWORK**

Our portfolio of products is sold through its network of 235 Exclusive Brand Outlets (EBOs), 2,500+ Multiple Brand Outlets (MBOs) and 283 National Chain Stores (NCS) as at March 31, 2018, that merchandise products in an environment that reinforces its brand in premium and mid-premium categories.

**ONLINE PRESENCE**

The Company has also entered into distribution agreements with online sales platforms to leverage digital commerce. With the online retail segment witnessing a rapid pace of growth, the Company has established an e-commerce presence through its own portal “montecarlo.in” and by way of tie-ups with digital platforms such as Amazon, Flipkart, Myntra, Jabong, Snapdeal and Paytm etc.

**THE WAY FORWARD – FUTURE OUTLOOK**

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

We are focussing on branding and promotion to further increase visibility of “Monte Carlo” brand, enabling it to grab a larger market share. 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 we already have a pan-India presence, we seek to penetrate further in the western and southern regions of India. We continue with our endeavour to build a leading branded apparel company. We have created a comprehensive range of woollens, cottons, cotton blended, knitted and woven apparels for Men, Women and Kids under the umbrella brand Monte Carlo. We always believe that we have successfully positioned ourselves as a lifestyle brand with a well-diversified product offering.

Active wear has recently evolved and has high growth potential. This is due to the boom in fitness and healthcare. In addition, the consumers in India have now understood that clothing for fitness is different from everyday clothing. Therefore, after considering the acceptability of our Fitness and Fashion wear range the products through e-commerce platforms in the name of “ROCK IT”, we have decided to market its new products through other distribution channels also.

**OVERVIEW OF PRODUCT CATEGORIES**

Our 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.

**OPPORTUNITIES:**

- **Continued rise of ‘organised retail’**

The Indian fashion retail industry is transforming rapidly and is seeing shift from unorganised to organised retail. The transformation is due to increase in income, increased penetration of branded wear in the country and awareness of fashion trends among consumers. Nowadays Tier -II cities and semi-urban cities have emerged as huge potential markets for these organised players.

- ***Young Population: Increasing brand awareness and fashions consciousness***

India is placed in a sweet spot to derive maximum benefits from being the youngest population in the world with a huge appetite for consumption. The median age of India's population is 27 years. (Source: CIA, The World Factbook) Indian consumers, especially the youth are increasingly giving preference to quality and design. This changing demand climate will facilitate top quality brands such as Monte Carlo to increase their market share significantly.

- ***Positive Impact of Goods and Service Tax***

A significant portion of India's Apparel industry operates under the unorganised sector or composition scheme, thus creating a gap in flow of input tax credit. Input tax credit is not allowed if registered taxpayers procure the inputs from the unorganised sector. GST will enable a smoother input credit system, which will shift the balance towards the organised sector.

- ***Women, kids & casualwear to outpace Industry growth***

India's apparels industry is dominated by unorganized players. Within the apparels industry, women's wear and kids wear are expected to grow at a faster pace than menswear as they make up a higher unorganized share. Monte Carlo is well placed to tap this market share with its Exclusive range for Women, Kids, Men's and fitness wear with its exclusive ranges for each category.

#### **THREATS / CONCERNS:**

- ***Rising competition among organised players***

The size of the Indian apparel market and its inherent long-term growth potential makes it extremely attractive to branded players across the world. This has led to great deal of competition among the organised players to grab the largest share of the pie. With an increase in the number of international brands entering India and many looking to enter soon due to relaxed FDI rules in Indian Textile Sector, the competition is expected to intensify further.

- ***Heavy Discounts***

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

- ***Changing consumer behaviour***

With mass media penetration and growing disposable income, Indian consumers have become more demanding and adaptable to change in fashion. With the rapidly changing profile of consumers, it has become challenging for retailers to keep up with shifting shopping demands. Shoppers today are well informed about fashion trends and demand accordingly. Thus, it becomes challenging for retailers to cater their customers with constant change in preferences.

- ***Seasonal nature of business***

Woollen knitted garments contributes around one-third of total sales. This leads to a highly seasonal nature of the business, with majority of the yearly turnover coming in the 3<sup>rd</sup> quarter. 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.

#### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company is having adequate internal financial control systems and procedures which commensurate with the size of the Company. 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 taken thereon are presented to the Audit Committee of the Board.

#### **HUMAN RESOURCE / INDUSTRIAL RELATION**

The company is of 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 1,580 as on 31<sup>st</sup> March 2018. The Industrial relations were cordial and satisfactory.

#### **OPERATIONAL PERFORMANCE & FINANCIAL REVIEW**

The Company operates in a one reportable business segment i.e. manufacturing and trading of textile garments. Company's revenue from operations has increased to ₹ 64,639.05 Lakhs from ₹ 58,538.08 Lakhs achieved last year, witnessing a jump of around 11%. The Net Profit for the period has also risen sharply by about 35% to ₹ 5,972.14 Lakhs as compared to ₹ 4,415.64 Lakhs of the previous year. Further the other income of the Company for the said Financial Year stood at

₹ 1,768.01 Lakhs. The detailed operational performance has already been discussed in the Director's Report under the Section 'Performance Review'.

Although during FY2018, Revenues have increased slightly due to GST and due to the trend of heavy discounting in Branded apparels among peers and customers getting used to the discounting trend and Monte Carlo was the last to go for discounting sales. Moreover, as per Ind AS, all the discounts and incentives have been reduced from the sales instead of being shown as an expense.

The Company's overall debt has reduced, leading to a debt equity ratio of 0.11x for FY2018. The Company enjoys a strong balance sheet reflected through high cash balance of ₹ 14,650 Lakhs (includes cash and bank balance along with current and non-current investments).

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

**Place: Ludhiana**  
**Date: 30.07.2018**

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

## Independent Auditor's Report

### To the Members of Monte Carlo Fashions Limited

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Monte Carlo Fashions Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, 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.

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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('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 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.

#### Auditor's Responsibility

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

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### Other Matter

9. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 30 May 2017 and 30 May 2016 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

10. 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.



11. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act;
  - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 25 May 2018 as per Annexure 2 expressed unmodified opinion;
  - g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company, as detailed in Note 27 to the financial statements, has disclosed the impact of pending litigations on its financial position;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; 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.: 99410

Place : Ludhiana  
Date : 25 May 2018

**Annexure I to the Independent Auditor's Report of even date to the members of Monte Carlo Fashions Limited, on the financial statements for the year ended 31 March 2018**

**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, goods and services tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Amount paid under Protest (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
West Bengal Value Added Tax, 2003	Interest on VAT	1.34	-	FY 2008-09	Deputy Commissioner of Commercial Taxes, Kolkata
Central Sales Tax Act, 1956	Interest on CST	0.22	-	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
West Bengal Value Added Tax, 2003	Interest and penalty on Entry tax	18.53	10.15	FY 2014-15	West Bengal Taxation Tribunal
Central Sales Tax Act, 1956	Interest on CST	1.22	-	FY 2009-10	Commercial taxes Appellate & Revisional Board, West Bengal

- viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- ix) In our opinion, the Company has applied the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer/ further public offer (including debt instruments) during the year.
- x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- xi) Managerial remuneration has been paid and/ provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable 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.: 99410

Place : Ludhiana  
Date : 25 May 2018

**Annexure II to the Independent Auditor's Report of even date to the members of Monte Carlo Fashions Limited on the financial statements for the year ended 31 March 2018**

**Annexure II**

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

1. In conjunction with our audit of the financial statements of Monte Carlo Fashions Limited ('the Company') as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

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

**Meaning of Internal Financial Controls over Financial Reporting**

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's IFCoFR include those policies and procedures that (1) pertain to the maintenance

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the IFCoFR criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note issued by the ICAI.

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

**Sandeep Mehta**  
Partner  
Membership No.: 99410

Place : Ludhiana  
Date : 25 May 2018

## Balance Sheet as at 31 March 2018

(All amounts in ₹ lakhs, unless stated otherwise)

	Notes	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
a) Property, plant and equipment	2	15,501.97	16,147.02	16,217.82
b) Capital work-in-progress	3	8.91	272.63	72.02
c) Intangible assets	4	117.92	137.16	104.15
d) Financial assets				
i) Investments	5.1	3,760.72	2,356.70	2,326.74
ii) Loans	5.2	396.22	359.19	310.19
iii) Other financial assets	5.3	-	1,651.00	2,501.00
e) Income tax assets (net)		766.87	211.84	-
f) Deferred tax assets (net)	26	369.99	384.63	161.16
g) Other non-current assets	6	95.02	111.09	200.79
<b>Total non-current assets</b>		<b>21,017.62</b>	<b>21,631.26</b>	<b>21,893.87</b>
<b>Current assets</b>				
a) Inventories	7	19,067.51	20,201.06	22,176.05
b) Financial assets				
i) Investments	8.1	9,072.09	9,349.92	3,513.36
ii) Trade receivables	8.2	19,299.80	14,630.84	15,171.55
iii) Cash and cash equivalents	8.3	152.23	69.49	79.56
iv) Other bank balances	8.4	1,659.80	2,527.87	7,002.22
v) Loans	8.5	24.57	36.68	209.08
vi) Other financial assets	8.6	271.61	427.52	455.02
c) Other current assets	9	2,796.82	1,494.61	1,142.33
<b>Total current assets</b>		<b>52,344.43</b>	<b>48,737.99</b>	<b>49,749.17</b>
<b>Total assets</b>		<b>73,362.05</b>	<b>70,369.25</b>	<b>71,643.04</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a) Equity share capital	10	2,173.21	2,173.21	2,173.21
b) Other equity	11	50,720.51	47,416.07	45,744.26
		<b>52,893.72</b>	<b>49,589.28</b>	<b>47,917.47</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
a) Financial liabilities				
i) Borrowings	12.1	1,281.98	1,538.45	2,928.72
ii) Other financial liabilities	12.2	1,341.23	1,234.93	1,090.86
b) Other non-current liabilities	13	146.64	15.18	9.42
<b>Total non-current liabilities</b>		<b>2,769.85</b>	<b>2,788.56</b>	<b>4,029.00</b>
<b>Current liabilities</b>				
a) Financial liabilities				
i) Borrowings	14.1	4,033.55	3,438.09	2,962.38
ii) Trade payables	14.2	11,016.95	10,332.67	10,683.46
iii) Other financial liabilities	14.3	1,039.81	2,416.54	4,790.26
b) Income tax liabilities (net)		-	-	18.14
c) Other current liabilities	15	986.72	1,250.34	986.81
d) Provisions	16	621.45	553.77	255.52
<b>Total current liabilities</b>		<b>17,698.48</b>	<b>17,991.41</b>	<b>19,696.57</b>
<b>Total equity and liabilities</b>		<b>73,362.05</b>	<b>70,369.25</b>	<b>71,643.04</b>

**Notes 1 to 40 forms an integral part of these financial statements**

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

For **Walker Chandiook & Co LLP**  
Chartered AccountantsFor **Monte Carlo Fashions Limited****Jawahar Lal Oswal**  
(Chairman and Managing Director)  
(DIN : 00463866)**Sandeep Jain**  
(Executive Director)  
(DIN : 00565760)**Sandeep Mehta**  
Partner**Raj Kapoor Sharma**  
(Vice President-Accounts)  
(Membership No. 093017)  
Place : Ludhiana  
Date : 25 May 2018**Sahil Jain**  
(Company Secretary)  
(Membership No. F9011)Place : Ludhiana  
Date : 25 May 2018



**Statement of Profit and Loss** for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless stated otherwise)

	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>I INCOME</b>			
Revenue from operations	17	64,639.05	58,538.08
Other income	18	1,768.01	2,393.19
<b>Total income</b>		<b>66,407.06</b>	<b>60,931.27</b>
<b>II EXPENSES</b>			
Cost of materials consumed	19	13,464.51	11,387.52
Purchases of stock-in-trade	20	22,469.17	19,983.10
Change in inventories of finished goods, work-in-progress and traded goods	21	1,517.50	1,421.49
Excise duty		42.76	692.78
Employee benefit expense	22	5,306.95	4,923.64
Finance costs	23	771.62	1,174.58
Depreciation and amortisation expense	24	2,096.28	2,473.69
Other expenses	25	11,743.95	12,372.90
<b>Total expenses</b>		<b>57,412.74</b>	<b>54,429.70</b>
<b>III Profit before corporate social responsibility and tax expense (I-II)</b>		<b>8,994.32</b>	<b>6,501.57</b>
IV Corporate social responsibility expenses		8.18	30.28
<b>V Profit before tax expense (III-IV)</b>		<b>8,986.14</b>	<b>6,471.29</b>
<b>VI Tax expense:</b>	26		
(1) Current tax		3,075.54	2,211.29
(2) Deferred tax		(61.54)	(155.64)
<b>VII Profit for the year (V-VI)</b>		<b>5,972.14</b>	<b>4,415.64</b>
<b>VIII Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
- Re-measurement gains/(losses) on defined benefit plan		24.10	(196.02)
<b>Income tax relating to items that will not be reclassified to profit or loss</b>			
- Deferred tax on re-measurement gains/(losses) on defined benefit plan		76.18	(67.84)
<b>Other comprehensive income for the year, net of tax</b>		<b>(52.08)</b>	<b>(128.18)</b>
<b>IX Total comprehensive income for the year</b>		<b>5,920.06</b>	<b>4,287.46</b>
<b>X Earnings per equity share (nominal value ₹ 10)</b>			
Basic and Diluted	29	27.48	20.32

**Notes 1 to 40 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

**Sandeep Mehta**  
 Partner

 Place : Ludhiana  
 Date : 25 May 2018

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

**Raj Kapoor Sharma**  
 (Vice President-Accounts)  
 (Membership No. 093017)

 Place : Ludhiana  
 Date : 25 May 2018

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

**Sahil Jain**  
 (Company Secretary)  
 (Membership No. F9011)

**Statement of changes in equity** for the year ended 31 March 2018

(All amounts in ₹ lakhs, unless stated otherwise)

**A. Equity share capital**

<b>As at 1 April 2016</b>	2,173.21
Changes in equity share capital during the year	-
<b>As at 31 March 2017</b>	2,173.21
Changes in equity share capital during the year	-
<b>As at 31 March 2018</b>	<b>2,173.21</b>

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

Particulars	Other equity						Total
	Capital reserves	Securities premium account	Corporate social responsibility reserve	Special reserve	General reserve	Retained earnings	
<b>Balance as at 1 April 2016</b>	0.01	12,869.76	-	21,161.23	7,905.10	3,808.16	45,744.26
Profit for the year	-	-	-	-	-	4,415.64	4,415.64
Other comprehensive income for the year (net of tax)	-	-	-	-	-	(128.18)	(128.18)
<b>Total comprehensive income for the year</b>	<b>0.01</b>	<b>12,869.76</b>	<b>-</b>	<b>21,161.23</b>	<b>7,905.10</b>	<b>8,095.62</b>	<b>50,031.72</b>
Dividends	-	-	-	-	-	(2,173.21)	(2,173.21)
Dividend distribution tax	-	-	-	-	12.33	(454.77)	(442.44)
Transfer from retained earnings	-	-	-	-	-	(4,200.00)	(4,200.00)
Transfer to general reserve	-	-	-	-	4,200.00	-	4,200.00
Transfer from general reserve	-	-	-	-	(1,416.40)	-	(1,416.40)
Transfer to special reserve	-	-	-	1,269.68	-	-	1,269.68
Transfer to corporate social responsibility reserve	-	-	146.72	-	-	-	146.72
<b>Balance as at 31 March 2017</b>	<b>0.01</b>	<b>12,869.76</b>	<b>146.72</b>	<b>22,430.91</b>	<b>10,701.03</b>	<b>1,267.64</b>	<b>47,416.07</b>
<b>Balance as at 1 April 2017</b>	0.01	12,869.76	146.72	22,430.91	10,701.03	1,267.64	47,416.07
Profit for the year	-	-	-	-	-	5,972.14	5,972.14
Other comprehensive income for the year (net of tax)	-	-	-	-	-	(52.08)	(52.08)
<b>Total comprehensive income for the year</b>	<b>0.01</b>	<b>12,869.76</b>	<b>146.72</b>	<b>22,430.91</b>	<b>10,701.03</b>	<b>7,187.70</b>	<b>53,336.13</b>
Dividends	-	-	-	-	-	(2,173.21)	(2,173.21)
Dividend distribution tax	-	-	-	-	-	(442.41)	(442.41)
Transfer from retained earning	-	-	-	-	-	(4,000.00)	(4,000.00)
Transfer to general reserve	-	-	-	-	4,000.00	-	4,000.00
Transfer from general reserve	-	-	-	-	(1,947.84)	-	(1,947.84)
Transfer to special reserve	-	-	-	1,791.64	-	-	1,791.64
Transfer to corporate social responsibility reserve	-	-	156.20	-	-	-	156.20
<b>Balance as at 31 March 2018</b>	<b>0.01</b>	<b>12,869.76</b>	<b>302.92</b>	<b>24,222.55</b>	<b>12,753.19</b>	<b>572.08</b>	<b>50,720.51</b>

**Notes 1 to 40 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
For **Monte Carlo Fashions Limited**
**Sandeep Mehta**  
 Partner

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

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

**Raj Kapoor Sharma**  
 (Vice President-Accounts)  
 (Membership No. 093017)

**Sahil Jain**  
 (Company Secretary)  
 (Membership No. F9011)

 Place : Ludhiana  
 Date : 25 May 2018

 Place : Ludhiana  
 Date : 25 May 2018

**Cash Flow Statement** for the year ended 31 March 2018

(All amounts in ₹ lakhs, unless stated otherwise)

	<b>For the year ended 31 March 2018</b>	<b>For the year ended 31 March 2017</b>
<b>A. Cash flow from operating activities:</b>		
<b>Profit before tax</b>	8,986.14	6,471.29
Add: Adjustment for Non-Cash & Non-operating items		
Depreciation and amortisation expense	2,096.28	2,473.69
Interest costs	771.62	1,174.58
Interest income	(254.52)	(739.43)
Other Interest income	(615.67)	(242.47)
Unclaimed balances written back	-	(36.62)
Profit on sale of investments (net)	(16.47)	(73.73)
Profit on sale of fixed assets (net)	(101.22)	(159.69)
Provisions no longer required, written back	(22.12)	-
Fair valuation of investments through profit and loss	(674.32)	(462.32)
<b>Operating profit before working capital changes</b>	<b>10,169.72</b>	<b>8,405.30</b>
Adjustments for movement in:		
Changes in trade receivables and other receivables	(4,668.96)	540.71
Changes in inventories	1,133.55	1,974.99
Changes in loans (non-current)	(37.03)	(49.00)
Changes in loans (current)	12.11	172.40
Changes in other current assets	(1,302.21)	(352.28)
Changes in other financial assets	90.60	119.08
Changes in other non-current assets	22.22	(9.25)
Changes in trade and other payables	684.28	(314.17)
Changes in other financial liabilities	76.17	241.84
Changes in other current liabilities	(263.62)	113.53
Changes in other non-current liabilities	131.46	5.76
Changes in short-term provisions	113.90	102.23
<b>Cash flow from operating activities before taxes</b>	<b>6,162.21</b>	<b>10,951.14</b>
Direct taxes paid (net of refunds and demands)	(3,630.57)	(2,441.27)
<b>Net cash flow from operating activities (A)</b>	<b>2,531.64</b>	<b>8,509.87</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of fixed assets (including capital advances and creditors for capital goods)	(1,845.37)	(2,392.76)
Proceeds from sale of fixed assets	734.45	193.89
Sale of current investments	2,864.60	1,619.51
Bank balances not considered as cash and cash equivalents		
- Placed	(8.80)	(1,677.87)
- Matured	2,527.87	7,002.22
Interest received	935.49	890.34
Purchase of investments		
- Current	(1,200.00)	(5,650.00)
- Non-current	(2,100.00)	(1,300.00)
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>1,908.24</b>	<b>(1,314.67)</b>

## Cash Flow Statement contd...

(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>C. Cash flow from financing activities:</b>		
Repayment of long term borrowings	(1,566.47)	(3,768.18)
Changes in current borrowings	595.46	475.71
Dividend paid (including dividend distribution tax)	(2,615.62)	(2,615.65)
Interest paid	(770.51)	(1,297.15)
<b>Net cash used in financing activities (C)</b>	<b>(4,357.14)</b>	<b>(7,205.27)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>82.74</b>	<b>(10.07)</b>
Cash and cash equivalents at the beginning of the year	69.49	79.56
<b>Closing cash and cash equivalents</b>	<b>152.23</b>	<b>69.49</b>
<b>Cash and cash equivalents include:</b>		
Cash in hand (including stamps)	109.29	20.44
Balance with banks	42.94	49.05
<b>Cash and bank balances</b>	<b>152.23</b>	<b>69.49</b>

## Notes to Cash flow Statement

a) Debt reconciliation statement in accordance with Ind AS 7

	Long-term borrowings	Short-term borrowings	Total
<b>As at 1 April 2017</b>	3,104.85	3,438.09	<b>6,542.94</b>
<b>Cash flows:</b>			
Proceeds from borrowings	-	595.46	<b>595.46</b>
Repayment of borrowings	1,566.47	-	<b>1,566.47</b>
<b>Non-cash:</b>			
Impact of amortised cost adjustment for borrowings	-	-	-
<b>As at 31 March 2018</b>	<b>1,538.38</b>	<b>4,033.55</b>	<b>5,571.93</b>

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

c) Negative figures have been shown in brackets.

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

## Notes 1 to 40 forms an integral part of these financial statements

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

For **Walker Chandio & Co LLP**  
Chartered Accountants**Sandeep Mehta**  
PartnerFor **Monte Carlo Fashions Limited****Jawahar Lal Oswal**  
(Chairman and Managing Director)  
(DIN : 00463866)**Raj Kapoor Sharma**  
(Vice President-Accounts)  
(Membership No. 093017)**Sandeep Jain**  
(Executive Director)  
(DIN : 00565760)**Sahil Jain**  
(Company Secretary)  
(Membership No. F9011)Place : Ludhiana  
Date : 25 May 2018Place : Ludhiana  
Date : 25 May 2018

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**
**1. i) Corporate Information**

Monte Carlo Fashions Limited (the "Company") incorporated is a public company incorporated under the provisions of the Companies Act, 1956 on 1 July 2008. Its shares are listed on both BSE Limited and National Stock Exchange of India Limited. The company is engaged in manufacturing of designer woollen/cotton ready made apparels under its brand "MONTE CARLO" which has also been recognised as a "SUPER BRAND".

**ii) Basis of Preparation**

The financial results 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.

For all periods up to and including the year ended 31 March 2017, the Company prepared its financial results in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The Company had prepared the Opening Ind AS balance sheet as at 1 April 2016 using the exemption and exceptions provided under Indian Accounting Standards, Ind AS 101, First time adoption of Indian Accounting Standards. The exemptions availed by the Company are presented with the respective accounting policies.

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

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- 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 results 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 results 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 results in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial results.

**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.

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 12 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 2018**

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

- **Raw materials, traded finished goods and Stores & 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 includes cost of direct materials, Labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs, cost is determined on “First in First out” basis.
- **Manufactured finished goods:-** Cost is determined using retail method of valuation in which appropriate percentage of gross margin is reduced from the sale value which approximates costs of purchase, costs of conversion and other attributable 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 and initial measurement*

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

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of fixed assets that are not yet ready for their intended use at the reporting date. When significant parts of plant and equipment 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 plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

*Subsequent measurement (depreciation and useful lives)*

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 & Machinery	15 Years
Furniture and Fixtures	10 Years
Vehicles	8 Years and 10 Years
Office Equipment	5 Years
Computer Equipment	3 Years

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

**e) Intangible Assets**

*Recognition and initial measurement*

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

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



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

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.

**Subsequent measurement**

Subsequently the intangible assets are amortized over the useful life as estimated by the management.

**Intangible Assets**

Software

**Useful life (in years)**

- Amortised over a period of 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 results 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 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 OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

**h) Fair Value Measurement**

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

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

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

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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

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 results 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 results 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, etc. 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 from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is neither continuing managerial involvement with the goods nor effective control over the goods sold, it is probable that economic benefits will flow to the Company, the costs incurred or to be incurred in respect of the transaction can be measured reliably and the amount of revenue can be measured reliably.

Revenue from the domestic sale of goods are recognized on dispatch which coincides with transfer of significant risks and rewards to customer.

Revenue from export sales is recognised when the significant risks and rewards of ownership of products are transferred to the customer, which is based upon the terms of the applicable contract.

**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 'j' 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.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**
**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.

**Sales Return**

The Company recognises provision for sales return, based on the historical results, measured on net basis of the margin of the sale.

**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.

**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 (SPPI) 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.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

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.

**Impairment of financial assets**

The group 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 group 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.

**I) Retirement and other employee benefits**
**Defined Contribution plan**

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

**Defined benefit plans**

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

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

**Other short term benefits**

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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018****m) Provisions***Provisions***General**

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 any reimbursement.

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.

**n) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period 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 period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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

**o) Leases**

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

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

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

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

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

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

**Deferred tax**

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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

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.

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

**s) Segment reporting**

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



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

**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) Contingent liabilities**

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.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

**2. Property, plant and equipment**

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Office equipment	Furniture and fixture	Vehicles	Total
<b>Gross carrying value</b>								
<b>Balance as at 1 April 2016</b>	1,982.90	17.80	10,436.82	16,003.11	401.90	636.72	330.92	29,810.17
Additions during the year	1,312.35	-	535.24	272.46	75.94	87.90	124.40	2,408.29
Disposals during the year	22.13	-	3.39	46.95	6.95	1.32	20.60	101.34
<b>Balance as at 31 March 2017</b>	3,273.12	17.80	10,968.67	16,228.62	470.89	723.30	434.72	32,117.12
Additions during the year	116.17	-	1,406.77	279.92	45.84	72.80	122.90	2,044.40
Disposals during the year	-	-	768.30	6.22	4.94	2.38	71.76	853.60
<b>Balance as at 31 March 2018</b>	3,389.29	17.80	11,607.14	16,502.32	511.79	793.72	485.86	33,307.92
<b>Accumulated depreciation</b>								
<b>Balance as at 1 April 2016</b>	-	0.05	2,067.92	10,687.14	290.03	341.82	205.39	13,592.35
Additions during the year	-	0.18	764.98	1,481.69	66.03	89.72	42.29	2,444.89
Disposals during the year	-	-	-	45.92	5.46	0.61	15.15	67.14
<b>Balance as at 31 March 2017</b>	-	0.23	2,832.90	12,122.91	350.60	430.93	232.53	15,970.10
Additions during the year	-	0.18	712.37	1,121.34	59.19	85.82	77.32	2,056.22
Disposals during the year	-	-	147.49	5.82	4.26	2.13	60.67	220.37
<b>Balance as at 31 March 2018</b>	-	0.41	3,397.78	13,238.43	405.53	514.62	249.18	17,805.95
<b>Net carrying amount</b>								
<b>Balance as at 1 April 2016</b>	1,982.90	17.75	8,368.90	5,315.97	111.87	294.90	125.53	<b>16,217.82</b>
<b>Balance as at 31 March 2017</b>	3,273.12	17.57	8,135.77	4,105.71	120.29	292.37	202.19	<b>16,147.02</b>
<b>Balance as at 31 March 2018</b>	3,389.29	17.39	8,209.36	3,263.89	106.26	279.10	236.68	<b>15,501.97</b>

**Notes :**
**i) Capital commitments**

Refer note 28 for disclosure of capital commitments for the acquisition of property, plant and equipment.

**ii) Property plant and equipment pledged as security**

Refer note 30 for information on property, plant and equipment pledged as security by the Company.

iii) The Company has availed the deemed cost exemption under Ind AS 101- First time adoption of Indian Accounting Standards in relation to the property, plant and equipment on the date of transition. Consequently, the net block carrying amount as on 1 April 2016 under Ind AS has been considered to be same as the net block carrying amount under previous GAAP as on that date. Refer the below note for the gross block value and the accumulated depreciation on 1 April 2016 under the previous GAAP.

**Deemed cost at 1 April 2016**

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Office equipment	Furniture and fixture	Vehicles	Total
<b>Gross block</b>	1,982.90	17.80	10,436.82	16,003.11	401.90	636.72	330.92	<b>29,810.17</b>
Less: Accumulated depreciation	-	0.05	2,067.92	10,687.14	290.03	341.82	205.39	<b>13,592.35</b>
<b>Net block</b>	1,982.90	17.75	8,368.90	5,315.97	111.87	294.90	125.53	<b>16,217.82</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

<b>3. Capital work-in-progress</b>	
<b>Movement in capital work-in-progress</b>	
<b>Balance as at 1 April 2016</b>	72.02
Add: Additions during the year	2,421.06
Less: Capitalisation during the year	2,220.45
<b>Balance as at 31 March 2017</b>	<u>272.63</u>
<b>Balance as at 1 April 2017</b>	272.63
Add: Additions during the year	1,632.18
Less: Capitalisation during the year	1,895.90
<b>Balance as at 31 March 2018</b>	<u>8.91</u>
<b>Carrying value</b>	
<b>Balance as at 1 April 2016</b>	<b>72.02</b>
<b>Balance as at 31 March 2017</b>	<b>272.63</b>
<b>Balance as at 31 March 2018</b>	<b>8.91</b>

<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 2016</b>	124.91	124.91
Additions during the year	61.81	61.81
<b>Balance as at 31 March 2017</b>	<u>186.72</u>	<u>186.72</u>
Additions during the year	20.82	20.82
<b>Balance as at 31 March 2018</b>	<b>207.54</b>	<b>207.54</b>
<b>Accumulated amortisation</b>		
<b>Balance as at 1 April 2016</b>	20.76	20.76
Additions during the year	28.80	28.80
<b>Balance as at 31 March 2017</b>	<u>49.56</u>	<u>49.56</u>
Additions during the year	40.06	40.06
<b>Balance as at 31 March 2018</b>	<b>89.62</b>	<b>89.62</b>
<b>Net carrying amount</b>		
<b>Balance as at 1 April 2016</b>	104.15	<b>104.15</b>
<b>Balance as at 31 March 2017</b>	<u>137.16</u>	<b>137.16</b>
<b>Balance as at 31 March 2018</b>	<b>117.92</b>	<b>117.92</b>

**Note:**

- i) The Company has availed the deemed cost exemption under Ind AS 101- First time adoption of Indian Accounting Standards in relation to the intangible assets on the date of transition. Consequently, the net block carrying amount as on 1 April 2016 under IndAS has been considered to be same as the net block carrying amount under previous GAAP as on that date. Refer the below note for the gross block value and the accumulated amortisation on 1 April 2016 under the previous GAAP.

**Deemed cost at 1 April 2016**

	<b>Computer software</b>	<b>Total</b>
<b>Gross block</b>	124.91	124.91
Less: Accumulated amortisation	20.76	20.76
<b>Net block</b>	<b>104.15</b>	<b>104.15</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Units	Amount	Units	Amount	Units	Amount
<b>5.1 Non-current investments</b>						
<b>Investments in mutual funds (fixed maturity plan) (fully paid up)</b>						
<b>At fair value through profit and loss</b>						
<b>Quoted</b>						
HDFC FMP 478D January 2014(1) Series 29 - Direct - Growth, (unit of ₹ 10 each).	-	-	-	-	3,000,000.00	362.92
SBI Debt Fund Series A1 15 Months - Direct - Growth, (unit of ₹ 10 each).	-	-	-	-	1,500,000.00	181.09
Kotak FMP Series 171 Direct - Growth, (unit of ₹ 10 each).	-	-	-	-	2,000,000.00	219.85
SBI Debt Fund Series A2 15 Months - Direct - Growth, (unit of ₹ 10 each).	-	-	-	-	2,000,000.00	241.25
HDFC FMP 370D April 2014(1) Series 31 - Direct - Growth, (unit of ₹ 10 each).	-	-	-	-	1,000,000.00	118.01
L&T FMP Series 10 - Plan H - Direct Growth, (unit of ₹ 10 each).	-	-	-	-	2,000,000.00	240.73
Birla Sun Life Fixed Term Plan - Series JX (1530 Days), (unit of ₹ 10 each).	-	-	2,000,000.00	262.85	2,000,000.00	240.83
ICICI Prudential FMP Series 76 - 1155 Days Plan K Direct Plan Cumulative, (unit of ₹ 10 each).	-	-	2,000,000.00	240.50	2,000,000.00	220.45
Axis Fixed Term Plan - Series 49 (437) Days Direct Growth, (unit of ₹ 10 each).	-	-	2,500,000.00	326.75	2,500,000.00	299.97
SBI Debt Fund Series -B-34 (1131 Days) - Direct Growth, (unit of ₹ 10 each).	2,000,000.00	235.50	2,000,000.00	220.46	2,000,000.00	201.64
ICICI Prudential FMP Series 80 -1231 Days Plan P Direct Plan, (unit of ₹ 10 each).	2,000,000.00	214.83	2,000,000.00	201.17	-	-
Reliance Fixed Horizon Fund - XXXIII-Series 6- Direct Growth Plan, (unit of ₹ 10 each).	3,000,000.00	321.53	3,000,000.00	300.77	-	-
Reliance Fixed Horizon Fund - XXXIII- Series 9- Direct Growth Plan, (unit of ₹ 10 each).	5,000,000.00	537.97	5,000,000.00	503.30	-	-
Birla Sun Life Fixed Term Plan- Series OK (1135 days) Growth Direct, (unit of ₹ 10 each).	3,000,000.00	321.37	3,000,000.00	300.90	-	-
Birla Sun Life, FTP, Series PC- Direct Growth, (unit of ₹ 10 each).	2,000,000.00	202.97	-	-	-	-
ICICI P9230 FMP 82-1219 Days Plan D DP Cumulative, (unit of ₹ 10 each).	2,000,000.00	203.44	-	-	-	-
ICICI P9233 FMP 82-1223 Days Plan E DP Cumulative, (unit of ₹ 10 each).	2,000,000.00	203.14	-	-	-	-
ICICI P9244 FMP 82-1215 Days Plan H DP Cumulative, (unit of ₹ 10 each).	2,000,000.00	202.91	-	-	-	-
Kotak FMP Series 216 Direct Growth- INF174K015S7, (unit of ₹ 10 each).	3,000,000.00	303.95	-	-	-	-
Kotak FMP Series 217 Direct Growth- INF174K018TP, (unit of ₹ 10 each).	2,000,000.00	202.45	-	-	-	-

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Units	Amount	Units	Amount	Units	Amount
Kotak FMP Series 219 Direct Growth-INF174K015U3, (unit of ₹ 10 each).	2,000,000.00	201.68	-	-	-	-
Sbi Debit Fund Series -C8 Direct Growth, (unit of ₹ 10 each).	2,000,000.00	202.98	-	-	-	-
UTI Fixed Term Income Fund-Series XXVIII-VI (1190 days), (unit of ₹ 10 each).	2,000,000.00	202.96	-	-	-	-
UTI Fixed Term Income Fund-Series XXVIII-VIII (1171 days), (unit of ₹ 10 each).	2,000,000.00	203.04	-	-	-	-
<b>Grand total</b>		<b>3,760.72</b>		<b>2,356.70</b>		<b>2,326.74</b>
<b>Aggregate cost of quoted investments</b>		<b>3,600.00</b>		<b>2,150.00</b>		<b>2,000.00</b>
<b>Aggregate market value of quoted investments</b>		<b>3,760.72</b>		<b>2,356.70</b>		<b>2,326.74</b>

**Note:**

- i) Refer note 34 for disclosure of fair values in respect of financial assets measured at amortised cost.

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>5.2 Loans (non-current)</b>			
(Unsecured considered good, unless otherwise stated)			
Security deposits	396.22	359.19	310.19
	<b>396.22</b>	<b>359.19</b>	<b>310.19</b>

**Note:**

- i) Refer note 34 for disclosure of fair values in respect of financial assets measured at amortised cost.

<b>5.3 Other financial assets (non-current)</b>			
Non-current bank balances*	-	1,651.00	2,501.00
	-	<b>1,651.00</b>	<b>2,501.00</b>

\*Non-current bank balances includes nil (as at 31 March 2017 ₹ 1 lakhs and as at 1 April 2016 ₹ 1 lakhs) pledged against bank guarantees given to excise authorities and Nil (as at 31 March 2017 ₹ 1,650 lakhs and as at 1 April 2016 ₹ 2,500 lakhs) taken from DCB Bank are pledged against overdraft facility.

**Note:**

- i) Refer note 34 for disclosure of fair values in respect of financial assets measured at amortised cost.

<b>6. Other non-current assets</b>			
Capital advances	18.37	12.22	111.17
Prepaid expenses	76.65	98.87	89.62
	<b>95.02</b>	<b>111.09</b>	<b>200.79</b>

**7. Inventories**

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

Raw materials	2,935.47	2,450.75	3,007.19
Work-in-progress	811.69	470.45	997.83
Finished goods (included traded goods)	14,790.90	16,810.14	17,759.13
Stores and spares	529.45	469.72	411.90
	<b>19,067.51</b>	<b>20,201.06</b>	<b>22,176.05</b>

**Note:**

- i) Refer note 30 for information on inventories pledged as security by the Company.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Units	Amount	Units	Amount	Units	Amount
<b>8.1 Current investments</b>						
<b>Investments in mutual funds (fixed maturity plan) (fully paid up)</b>						
<b>At fair value through profit and loss</b>						
<b>Quoted</b>						
HDFC FMP 370D April 2014(1) Series 31 - Direct - Growth, (unit of ₹ 10 each).	-	-	1,000,000.00	127.66	-	-
Birla Sun Life Fixed Term Plan - Series JX (1530 Days), (unit of ₹ 10 each).	2,000,000.00	281.40	-	-	-	-
ICICI Prudential FMP Series 76 - 1155 Days Plan K Direct Plan Cumulative, (unit of ₹ 10 each).	2,000,000.00	257.30	-	-	-	-
Axis Fixed Term Plan - Series 49 (437) Days Direct Growth, (unit of ₹ 10 each).	2,500,000.00	349.68	-	-	-	-
SBI Debt Fund Series A1 15 Months -Direct - Growth, (unit of ₹ 10 each).	-	-	1,500,000.00	195.37	-	-
Kotak FMP Series 171 Direct - Growth, (unit of ₹ 10 each).	-	-	2,000,000.00	239.43	-	-
SBI Debt Fund Series A2 15 Months -Direct - Growth, (unit of ₹ 10 each).	-	-	2,000,000.00	260.58	-	-
HDFC FMP 478D January 2014(1) Series 29 - Direct - Growth, (unit of ₹ 10 each).	-	-	3,000,000.00	392.04	-	-
IDFC Fixed Term Plan Series 65 Direct Plan - Growth, (unit of ₹ 10 each).	-	-	-	-	2,963,139.00	356.12
ICICI Prudential FMP Series 72 370 Days Plan G Direct Plan Cumulative, (unit of ₹ 10 each).	-	-	2,000,000.00	259.11	2,000,000.00	240.84
ICICI Prudential FMP Series 72 366 Days Plan K Direct Plan Cumulative, (unit of ₹ 10 each).	-	-	2,000,000.00	259.82	2,000,000.00	241.62
Birla Sun Life Fixed Term Plan - Series JY (1162 Days), (unit of ₹ 10 each).	-	-	1,000,000.00	129.76	1,000,000.00	120.69
L&T FMP Series 10 - Plan H - Direct Growth, (unit of ₹ 10 each).	-	-	2,000,000.00	259.98	-	-
IDFC Fixed Term Plan Series 62 Direct Plan - Growth, (unit of ₹ 10 each).	-	-	-	-	1,000,000.00	120.98
DSP Blackrock FMP Series 144- 12M - Direct - Growth, (unit of ₹ 10 each).	-	-	-	-	1,000,000.00	120.71
L&T FMP VII (July1189D A) Direct Plan - Growth, (unit of ₹ 10 each).	-	-	-	-	1,000,000.00	131.50
IDFC Corporate Bond Fund Direct Plan- Growth, (units of ₹ 10.06 each).	1,987,992.53	237.97	1,987,992.53	222.97	1,987,992.53	202.48
IDFC Super Saver Income Fund-Medium Term Plan-Growth (Direct Growth),(unit of ₹ 25.83 each)	774,296.46	233.47	774,296.46	221.11	774,296.46	200.79
Birla Sun Life Dynamic Bond Fund-Retail-Growth-Direct Plan, (unit of ₹ 26.12 each).	382,899.70	118.13	382,899.70	113.79	382,899.70	102.56
ICICI Prudential Income Opportunities Fund-Direct Plan-Growth, (unit of ₹ 21 each).	952,294.79	235.79	952,294.79	222.13	952,294.79	200.60
SBI Debt Fund Series 366 Days 52 -Direct Plan - Growth, (unit of ₹ 10 each).	-	-	-	-	1,500,000.00	180.36
UTI Fixed Term Income Fund Series XVII - X Direct Growth Plan, (unit of ₹ 10 each).	-	-	2,000,000.00	260.31	2,000,000.00	241.21



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Units	Amount	Units	Amount	Units	Amount
UTI Fixed Term Income Fund Series XVII - XVI (367 Days)-Direct Growth Plan, (unit of ₹ 10 each).	-	-	2,000,000.00	259.57	2,000,000.00	240.17
UTI Fixed Term Income Fund Series XVIII - VII (368 Days) -Direct Growth Plan, (unit of ₹ 10 each).	-	-	1,500,000.00	191.26	1,500,000.00	176.61
IDFC Fixed Term Plan Series 27 Direct Plan - Growth, (unit of ₹ 10 each).	-	-	-	-	3,000,000.00	381.26
HDFC FMP 370D August 2013(3) Series 27 - Direct - Growth, (unit of ₹ 10 each).	-	-	-	-	2,000,000.00	254.86
Birla Sun Life Corporate Bond Fund- Growth-Regular, (unit of ₹ 11.81 each).	4,232,553.42	547.72	4,232,553.42	506.40	-	-
Birla Sun Life Medium Term Plan- Growth-Direct Plan, (unit of ₹ 20.69 each).	2,416,100.90	548.92	2,416,100.90	505.83	-	-
Birla Sun Life Treasury Optimizer Plan- Growth - Direct Plan, (unit of ₹ 208.15 each).	96,083.26	215.73	96,083.26	202.10	-	-
HDFC Corporate Debt Opportunities Fund-Direct- Growth, (unit of ₹ 13.79 each).	2,175,315.97	324.86	2,175,315.97	302.90	-	-
ICICI Prudential Income Opportunities Fund-Direct Plan-Growth, (unit of ₹ 23.08 each).	1,299,573.31	321.77	1,299,573.31	303.14	-	-
IDFC Corporate Bond Fund Direct Plan- Growth, (unit of ₹ 11.15 each).	2,690,028.07	322.00	2,690,028.07	301.71	-	-
IDFC Dynamic Bond Fund - Growth- Direct Plan, (unit of ₹ 20.53 each).	2,435,341.68	526.28	2,435,341.68	510.24	-	-
IDFC Monthly Income Plan - Growth - (Direct Plan), (unit of ₹ 19.82 each).	1,513,676.06	321.43	1,513,676.06	305.43	-	-
Reliance Corporate Bond Fund- Direct - Growth Plan, (unit of ₹ 13.24 each).	3,775,693.60	546.70	3,775,693.60	508.57	-	-
SBI Dynamic Bond Fund - Direct Plan- Growth, (unit of ₹ 20.90 each).	1,435,557.81	316.04	1,435,557.81	303.70	-	-
UTI Dynamic Bond Fund - Direct Pan - Growth, (unit of ₹ 19.34 each).	2,584,954.53	535.42	2,584,954.53	508.61	-	-
Kotak Income Opportunities Fund- Growth (Regular Plan), (unit of ₹ 17.78 each).	2,811,753.13	537.76	2,811,753.13	504.54	-	-
Kotak Medium Term Fund Direct Plan - Growth, (unit of ₹ 13.81 each).	2,172,732.21	325.69	2,172,732.21	302.95	-	-
L&T RICBF - (DG), (unit of ₹ 11.40 each).	1,316,205.12	175.85	1,316,205.12	164.23	-	-
UTI Income Opportunities Fund - Direct Plan - Growth, (unit of ₹ 15.52 each).	3,222,417.72	544.07	3,222,417.72	504.68	-	-
IDFC Monthly Income Plan-ISIN No-Inf194K, (unit of ₹ 20.50 each).	975,647.83	207.18	-	-	-	-
IDFC Super Saver Income Fundgrowth-Inf19, (unit of ₹ 29.06 each).	1,032,215.44	311.26	-	-	-	-
HDFC Medium Term Opp Fund-Inf179K01Xd8 M, (unit of ₹ 18.53 each).	1,079,132.81	209.43	-	-	-	-
ICICI Prudential Income Opp Direct Plan, (unit of ₹ 23.95 each).	835,093.99	206.77	-	-	-	-
HDFC Medium Term Opp Fund-Inf179K01Xd8 M, (unit of ₹ 18.57 each).	1,615,221.85	313.48	-	-	-	-
<b>Grand total</b>		<b>9,072.09</b>		<b>9,349.92</b>		<b>3,513.36</b>
<b>Aggregate cost of quoted investments</b>		<b>8,200.00</b>		<b>8,550.00</b>		<b>2,996.31</b>
<b>Aggregate market value of quoted investments</b>		<b>9,072.09</b>		<b>9,349.92</b>		<b>3,513.36</b>

**Note:**

- i) Refer note 34 for disclosure of fair values in respect of financial assets measured at amortised cost.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>8.2 Trade receivables</b>			
(Unsecured considered good, unless otherwise stated)			
Trade receivables*	19,299.80	14,630.84	15,171.55
	<b>19,299.80</b>	<b>14,630.84</b>	<b>15,171.55</b>
* Includes amounts due from entities in which directors of the Company are able to exercise control or have significant influence (refer note 38)	4.71	27.88	238.11

**Notes:**

- i) Refer note 30 for information on trade receivables pledged as security by the Company.
- ii) Refer note 34 for disclosure of fair values in respect of financial assets measured at amortised cost.

<b>8.3 Cash and cash equivalents</b>			
Cash in hand [including postal stamps in hand of ₹ 273 (as at 31 March 2017 ₹ 713 and as at 1 April 2016 ₹ 1,312)]	42.94	49.05	43.80
Balance with banks in current accounts	109.29	20.44	35.76
	<b>152.23</b>	<b>69.49</b>	<b>79.56</b>

<b>8.4 Other bank balances</b>			
Unpaid dividend account	6.43	4.08	2.22
Deposits with original maturity more than three months but remaining maturity of less than twelve months	1,653.37	2,523.79	7,000.00
	<b>1,659.80</b>	<b>2,527.87</b>	<b>7,002.22</b>

**Note:**

- i) Deposits with original maturity more than three months but remaining maturity of less than twelve months includes nil (as at 31 March 2017 Nil and as at 1 April, 2016 ₹ 5,500 lakhs) taken from Yes Bank, ₹ 1,650 lakhs (as at 31 March 2017 ₹ 2,500 lakhs and as at 1 April 2016 ₹ 1,500 lakhs) taken from DCB Bank are pledged against overdraft facility and ₹ 3.37 lakhs (as at 31 March 2017 ₹ 23.79 lakhs and as at 1 April 2016 nil) taken from State Bank of India against the utilisation of non fund based limits.
- ii) Other bank balances include ₹ 6.43 lakhs (as at 31 March 2017 ₹ 4.08 lakhs and as at 1 April 2016 ₹ 2.22 lakhs) held in dividend accounts which is not available for use by the Company.

<b>8.5 Loans (current)</b>			
(Unsecured considered good, unless otherwise stated)			
Loan to employees	24.57	36.68	33.37
Security deposits	-	-	175.71
	<b>24.57</b>	<b>36.68</b>	<b>209.08</b>

**Note:**

- i) Refer note 34 for disclosure of fair values in respect of financial assets measured at amortised cost.

<b>8.6 Other financial assets</b>			
Interest accrued but not due on fixed deposits	207.95	273.26	181.68
Interest subsidy receivable	63.66	154.26	273.34
	<b>271.61</b>	<b>427.52</b>	<b>455.02</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>9. Other current assets</b>			
Advances to suppliers*	1,213.92	587.45	691.42
Prepaid expenses	108.72	98.70	138.84
Balances with statutory and government authorities	1,464.94	771.50	201.82
Others recoverable**	9.24	36.96	110.25
	<b>2,796.82</b>	<b>1,494.61</b>	<b>1,142.33</b>
* Includes amounts due from entities in which directors of the Company are able to exercise control or have significant influence (refer note 38)	211.64	28.90	191.01
**Includes amounts due from relatives of key management personnel (refer note 38)	0.10	0.10	1.41
<b>10. Equity share capital</b>			
<b>Authorised capital</b>			
25,000,000 equity shares of ₹ 10 each (as at 31 March 2017 25,000,000 and as at 1 April 2016 25,000,000)	2,500.00	2,500.00	2,500.00
	<b>2,500.00</b>	<b>2,500.00</b>	<b>2,500.00</b>
<b>Issued, subscribed and fully paid up</b>			
21,732,064 equity shares of ₹ 10 each (as at 31 March 2017 21,732,064 and as at 1 April 2016 21,732,064)	2,173.21	2,173.21	2,173.21
	<b>2,173.21</b>	<b>2,173.21</b>	<b>2,173.21</b>

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

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	21,732,064	2,173.21	21,732,064	2,173.21
Balance at the end of the year	<b>21,732,064</b>	<b>2,173.21</b>	<b>21,732,064</b>	<b>2,173.21</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 2018		As at 31 March 2017	
	Number of shares	% of shareholding	Number of shares	% of shareholding
Sidhant & Mannat Company Limited	5,229,714	24.06	5,229,714	24.06
Simran & Shanaya Company Limited	4,404,000	20.26	4,404,000	20.26
Kanchi Investments Limited	2,376,570	10.94	2,376,570	10.94
Nahar Capital and Financial Services Limited	1,651,215	7.60	1,651,215	7.60
Nagdevi Trading and Investment Company Limited	1,185,150	5.45	1,185,150	5.45
	<b>14,846,649</b>	<b>68.31</b>	<b>14,846,649</b>	<b>68.31</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 nor has there been any buy-back of shares in the current year and preceding five years.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2018	As at 31 March 2017
<b>11. 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) Securities premium account</b>		
Balance at the beginning of the year	12,869.76	12,869.76
Add: Additions during the year	-	-
Balance at the end of the year	<b>12,869.76</b>	<b>12,869.76</b>
<b>iii) Corporate social responsibility reserve</b>		
Balance at the beginning of the year	146.72	-
Add: Transfer from general reserve	156.20	146.72
Balance at the end of the year	<b>302.92</b>	<b>146.72</b>
<b>iv) Special reserve*</b>		
Balance at the beginning of the year	22,430.91	21,161.23
Add: Transfer from general reserve	1,791.64	1,269.68
Balance at the end of the year	<b>24,222.55</b>	<b>22,430.91</b>
*The Company has transferred ₹ 1791.64 Lakhs (as at 31 March, 2017 ₹ 1,269.68 lakhs and as at 1 April, 2016 ₹ 1768.15 lakhs) to special reserve for the purpose of future acquisitions of any brand or business in line with the existing business of the Company to facilitate the expansion of its operations.		
<b>v) General reserve</b>		
Balance at the beginning of the year	10,701.03	7,905.10
Add: Transfer from retained earnings	4,000.00	4,200.00
Less: Transfer to special reserve	(1,791.64)	(1,269.68)
Less: Dividend*	-	-
Add: Dividend distribution tax	-	12.33
Less: Transfer to corporate social responsibility reserve	(156.20)	(146.72)
Balance at the end of the year	<b>12,753.19</b>	<b>10,701.03</b>
* Board of Directors have recommended dividend @ 120% (as at 31 March 2017 100% and as at 1 April 2016 100%) amounting to ₹ 12 per share (as at 31 March 2017 ₹ 10 per share and as at 1 April 2016 ₹ 10 per share). The dividend recommended by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting. In accordance with the revised Indian Accounting Standard -10 'Events after the Reporting Period' proposed dividend for the current year and Corporate Dividend Tax thereon has not been recognised as a distribution of profit in the current year's accounts.		
<b>vi) Retained earnings</b>		
Balance at the beginning of the year	1,267.64	3,808.16
Add: Profit for the year	5,972.14	4,415.64
Add: Other comprehensive income for the year (net of tax)	(52.08)	(128.18)
Less: Dividend	(2,173.21)	(2,173.21)
Less: Dividend distribution tax	(442.41)	(454.77)
Less: Transfer to general reserve	(4,000.00)	(4,200.00)
Balance at the end of the year	<b>572.08</b>	<b>1,267.64</b>
<b>Total other equity (i+ii+iii+iv+v+vi)</b>	<b>50,720.51</b>	<b>47,416.07</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

**Nature and purpose of reserves****Capital reserve**

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

**Securities premium account**

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

**Corporate social responsibility reserve**

Corporate social responsibility reserve comprises of the amount set aside to contribute towards its corporate social responsibility obligations. The reserve would be utilised as and when the Company is ready to go ahead for the project.

**Special reserve**

This reserve represents appropriation of certain percentage of profits for the purpose of future acquisitions of any brand or business in line with the existing business of the Company to facilitate the expansion of its operations.

**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 2018	As at 31 March 2017	As at 1 April 2016
<b>12.1 Borrowings(non-current)</b>			
(Secured)			
Term loan from banks	1,538.38	3,104.85	6,873.03
Less: Current maturities on borrowings (refer note 14.3)	256.40	1,566.40	3,944.31
	<b>1,281.98</b>	<b>1,538.45</b>	<b>2,928.72</b>

**Notes:**

i) Refer note 34 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 lakhs by State Bank of India:****Primary security:**

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

**Collateral security:**

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

**b) Security in respect of term loan facility sanctioned of ₹ 8,090 lakhs by State Bank of India:**

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

**Personal guarantee:**

Shri. Jawahar Lal Oswal

Shri. Kamal Oswal

Shri. Dinesh Oswal

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

**c) Security in respect of term loan facility sanctioned of ₹ 13,086 lakhs by Indian Bank:**

**Primary security:**

- 1) Fixed assets to be acquired out of bank loan including land and building estimated at ₹ 13,386.00 lakhs. For creation of equitable mortgage on the land to be acquired, 3 month time is permitted and pari-passu charge to be created with term lenders as at point no. 2 below.
- 2) 1st charge on fixed assets of the Company both present and future on pari-passu basis with the existing term loan lenders.

**Collateral security:**

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

**Personal guarantee:**

Shri. Jawahar Lal Oswal  
Shri. Kamal Oswal  
Shri. Dinesh Oswal

**iii) Terms of repayment**

Repayment terms of the loans are as follows:

- a) Term loan from State Bank of India amounting to ₹ 1,538.38 lakhs (as at 31 March 2017 ₹ 1,794.77 lakhs and as at 1 April 2016 ₹ 2,326.21 lakhs) [(sanctioned amount ₹ 4,985 lakhs and disbursed amount ₹ 2,326.21 lakhs)] repayment of which commenced from 30 June 2016, carrying interest rate of 0.65% above one year marginal cost of lending rate (MCLR), is repayable in 24 quarterly instalments of ₹ 64.10 lakhs each would be due for repayment on 31 March 2024.
- b) Term loan from Indian Bank amounting to nil (as at 31 March 2017 ₹ 1,310.08 lakhs and as at 1 April 2016 ₹ 4,497.15 lakhs) repayment of which commenced from 30 September 2013 carrying interest rate of 1.5% over base rate, has been repaid during the current year.
- c) Term loan from State Bank of India amounting to nil (as at 31 March 2017 nil and as at 1 April 2016 ₹ 49.67 lakhs) repayment of which commenced from 1 April 2011, carrying interest rate of 1% over base rate, has been repaid during the previous year.

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>12.2 Other financial liabilities</b>			
Security deposits from customers	1,341.23	1,234.93	1,090.86
	<b>1,341.23</b>	<b>1,234.93</b>	<b>1,090.86</b>

**Note:**

- i) Refer note 34 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

<b>13. Other non-current liabilities</b>			
Deferred income-government grant	144.95	-	-
Deferred income-others	1.69	15.18	9.42
	<b>146.64</b>	<b>15.18</b>	<b>9.42</b>

**14.1 Borrowings (current)**

(Secured)			
Working capital loans repayable on demand from banks	4,033.55	3,438.09	2,962.38
	<b>4,033.55</b>	<b>3,438.09</b>	<b>2,962.38</b>

**Notes:**

- i) Refer note 34 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

**ii) Security for working capital loans:**

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

Working capital borrowings from State Bank of India is carrying interest rate of 0.15% (As at 31 March 2017 0.35% and As at 1 April 2016 1.25%) over base rate.



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

Working capital borrowings from Allahabad Bank is carrying interest rate of nil (As at 31 March 2017 0.80% and As at 1 April 2016 0.80%) over base rate.

**Terms of repayment:**

Working capital borrowings are repayable on demand.

Security in respect of working capital borrowings availed from State Bank of India (As at 31 March 2017 and As at 1 April 2016 through consortium arrangement of Allahabad Bank, Federal Bank and State Bank of India)

**Primary security:**

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

**Collateral security:**

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

- (1) Plot No. 231, measuring 4,880 sq. yards at Industrial Area A, Ludhiana. (Sale deed no. 2640 dated 20 September 1956)
- (2) Plot No. 232, measuring 4,095 sq. yards at Industrial Area A, Ludhiana (Sale deed no. 2135 dated 07 September 1964)
- (3) Land measuring 14,278 sq. yards at Sherpur Kalan, GT Road, Ludhiana (Sale deed no. 14397 dated 13 October 2011)
- (4) Part of Plot No. 172 bearing M.C. No. B-XXIII-66/1 in Industrial Area-A, Ludhiana measuring 117.50 sq. yards (Sale deed no. 14721 dated 14 January 1986)
- (5) Part of Plot No. 172 bearing M.C. No. B-XXIII-66/1 in Industrial Area-A, Ludhiana measuring 117.50 sq. yards (Sale deed no. 15516 dated 27 January 1986)
- (6) Part of Plot No. 172 bearing M.C. No. B-XXIII-66/1 in Industrial Area-A, Ludhiana measuring 125 sq. yards (Sale deed no. 14722 dated 14 January 1986)
- (7) Part of Plot No. 172 bearing M.C. No. B-XXIII-66/1 in Industrial Area-A, Ludhiana measuring 125 sq. yards (Sale deed no. 15517 dated 27 January 1986)

**Personal guarantee:**

Shri. Jawahar Lal Oswal  
Shri. Kamal Oswal  
Shri. Dinesh Oswal

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

Overdraft borrowings from DCB Bank is carrying interest rate of 0.35% (As at 31 March 2017 0.35% and As at 1 April 2016 0.35%) over fixed deposit rate, Overdraft borrowing from Federal Bank is at 7.85% (As at 31 March 2017 nil and As at 1 April 2016 nil) and Overdraft borrowings from Yes Bank is carrying interest rate of nil (As at 31 March 2017 0.40% and As at 1 April 2016 0.40%) over fixed deposit rate.

**Terms of repayment:**

Working capital borrowings are repayable on demand.

**Primary security:**

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>14.2 Trade payables</b>			
Due to micro, small and medium enterprises(refer note 33)	446.04	323.88	370.75
Due to others*	10,570.91	10,008.79	10,312.71
	<b>11,016.95</b>	<b>10,332.67</b>	<b>10,683.46</b>

\* Includes amounts due to entities in which directors of the Company are able to exercise control or have significant influence (refer note 38)

	1,885.54	2,562.37	3,401.35
--	----------	----------	----------

**Notes:**

- i) Refer note 34 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 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>14.3 Other financial liabilities</b>			
Current maturities of long-term loans from banks (Refer note-12.1)	256.40	1,566.40	3,944.31
Interest accrued and due on borrowings	12.43	11.30	133.88
Creditors for capital goods	41.10	78.82	49.82
Security deposits from customers	175.47	112.27	168.45
Unpaid dividend [refer note (i) below]	6.43	4.08	2.22
Book overdraft	-	-	0.44
Employee related payables*	547.98	643.67	491.14
	<b>1,039.81</b>	<b>2,416.54</b>	<b>4,790.26</b>

\* Includes amounts due to key management personnel (refer note 38) 30.82      17.94      28.08

\* Includes amounts due to relative of key management personnel (refer note 38) 1.78      0.71      1.34

**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 34 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

<b>15. Other current liabilities</b>			
Advances from customers*	768.42	665.20	458.36
Statutory dues	197.50	382.15	497.94
Deferred income-government grants	6.79	-	-
Deferred income-others	13.88	14.36	10.30
Others	0.13	188.63	20.21
	<b>986.72</b>	<b>1,250.34</b>	<b>986.81</b>

\* Includes amounts due to entities in which directors of the Company are able to exercise control or have significant influence (refer note 38) 9.52      -      -

<b>16. Provisions</b>			
Provision for gratuity (refer note 31)	295.61	213.24	-
Provision for discount*	37.96	39.91	44.17
Provision for sales returns*	287.88	300.62	211.35
	<b>621.45</b>	<b>553.77</b>	<b>255.52</b>

* Movement in provisions	Provision for discount	Provision for sales returns
<b>Balance as at 1 April 2016</b>	44.17	211.35
Add: Provision recognised during the year	39.91	300.62
Less: Provision utilised during the year	44.17	211.35
<b>Balance as at 31 March 2017</b>	<b>39.91</b>	<b>300.62</b>
<b>Balance as at 1 April 2017</b>	39.91	300.62
Add: Provision recognised during the year	37.96	287.88
Less: Provision utilised during the year	39.91	300.62
<b>Balance as at 31 March 2018</b>	<b>37.96</b>	<b>287.88</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

	<b>For the year ended 31 March 2018</b>	<b>For the year ended 31 March 2017</b>
<b>17. Revenue from operations</b>		
Sale of products		
Export	95.88	159.16
Domestic	64,425.37	58,271.88
	<b>64,521.25</b>	<b>58,431.04</b>
<b>Other operating revenue</b>		
Insurance recovered from customers	107.53	107.04
Government grants	10.27	-
	<b>64,639.05</b>	<b>58,538.08</b>
<b>18. Other Income</b>		
Interest income		
from banks	254.52	739.43
others	615.67	242.47
Foreign exchange fluctuation (net)	7.32	-
Unclaimed balances written back	-	36.62
Counter veiling duty recoverable*	-	646.64
Provisions no longer required, written back	22.12	-
Profit on sale of fixed assets (net)	101.22	159.69
Profit on sale of investments (net)	16.47	73.73
Fair valuation of investments through profit and loss	674.32	462.32
Miscellaneous	76.37	32.29
	<b>1,768.01</b>	<b>2,393.19</b>
<p>* Amount of nil (as at 31 March 2017 ₹ 646.64 lakhs) recognised as an asset in the books of account based on the favorable order received from CESTAT. The amount was charged to the statement of profit and loss in prior periods due to uncertainty associated with the recovery of counter veiling duty levied by authorities on certain goods imported by the Company.</p>		
<b>19. Cost of materials consumed</b>		
Opening stock of raw materials	2,450.75	3,007.19
Add : Purchases of raw materials during the year	13,949.23	10,831.08
	16,399.98	13,838.27
Less : Closing stock of raw materials	2,935.47	2,450.75
	<b>13,464.51</b>	<b>11,387.52</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

	<b>For the year ended 31 March 2018</b>	<b>For the year ended 31 March 2017</b>
<b>20. Purchases of stock-in-trade</b>		
Purchases of stock-in-trade	22,469.17	19,983.10
	<b>22,469.17</b>	<b>19,983.10</b>
<b>21. Changes in inventories of finished goods, work-in-process and traded goods</b>		
Opening stock		
- Finished goods (including traded goods)	16,810.13	17,759.13
- Work-in-process	470.45	997.83
	17,280.58	18,756.96
Closing Stock		
- Finished goods (including traded goods)	14,790.90	16,810.13
- Work-in-process	811.68	470.45
	15,602.58	17,280.58
Impact of excise duty on opening/closing stock	(160.50)	(54.89)
	<b>1,517.50</b>	<b>1,421.49</b>
<b>22. Employee benefit expense</b>		
Salary, wages and bonus	4,503.52	4,273.19
Contribution to provident and other funds (refer note 31)	591.75	473.40
Staff welfare expenses	211.68	177.05
	<b>5,306.95</b>	<b>4,923.64</b>
<b>23. Finance costs</b>		
Interest expense		
- to banks	627.63	1,032.78
- others	138.93	136.65
Other borrowings cost	5.06	5.15
	<b>771.62</b>	<b>1,174.58</b>
<b>24. Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment (refer note 2)	2,056.04	2,444.71
Amortisation of intangible assets (refer note 4)	40.06	28.80
Amortisation of leasehold land (refer note 2)	0.18	0.18
	<b>2,096.28</b>	<b>2,473.69</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>25. Other expenses</b>		
<b>Manufacturing expenses</b>		
Power and fuel	522.46	583.51
Consumption of stores and spares parts	2,831.02	2,745.73
Repairs to		
- building	43.68	62.90
- machinery	116.96	87.21
Processing charges	1,068.76	964.89
<b>Selling expenses</b>		
Commission on sale	1,126.52	718.41
Freight and forwarding expenses	788.45	927.34
Advertisement expenses	2,484.29	2,992.34
<b>Administrative expenses</b>		
Rent [refer note 28(b)]	1,356.97	1,380.27
Repairs to		
- others	337.01	361.11
Insurance	74.22	88.27
Legal and professional expenses	146.33	123.83
Rates and taxes	26.27	30.27
Travelling and conveyance	323.68	371.69
Amounts written off	62.87	38.76
Foreign exchange fluctuation (net)	-	0.73
Payments to auditors*	30.74	28.84
CST/VAT reversal	35.95	166.33
Communication expenses	48.71	66.01
Miscellaneous	319.06	634.46
	<b>11,743.95</b>	<b>12,372.90</b>
<b>*Payment to Auditors</b>		
As Auditor:		
- Audit fee	27.50	27.00
- Tax audit	1.58	0.25
- Out of pocket expenses	1.66	1.59
	<b>30.74</b>	<b>28.84</b>
<b>26. Income tax expense</b>		
<b>Tax expense recognized in the Statement of Profit and Loss</b>		
<b>Current tax</b>		
Current tax	3,075.54	2,211.29
<b>Total current tax expense</b>	3,075.54	2,211.29
<b>Deferred tax</b>		
Deferred tax credit	(61.54)	(155.64)
<b>Total deferred tax income</b>	(61.54)	(155.64)
Tax in respect of earlier years	-	-
<b>Total income tax expense</b>	<b>3,014.00</b>	<b>2,055.65</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>(A) Reconciliation of tax liability on book profit vis-à-vis actual tax liability</b>		
Accounting profit before income tax	8,986.14	6,471.29
Enacted tax rate	34.61%	34.61%
Current tax expenses on profit before tax at the enacted income tax rate in India	3,109.92	2,239.58
Permanent disallowances	(2.86)	(32.57)
Differential tax rate on capital gain	(173.50)	(106.34)
Deferred tax rate adjustments	76.37	(67.84)
Other adjustments	4.07	22.82
<b>Income tax expense reported in the statement of profit and loss</b>	<b>3,014.00</b>	<b>2,055.65</b>

**(A) The movement in deferred tax assets and liabilities during the year ended 31 March 2018, 31 March 2017 and 1 April 2016**

	Balance Sheet			Statement of profit and loss	
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017
Accelerated depreciation for tax purposes	(277.61)	(206.19)	(48.65)	(71.42)	(157.54)
Expenditure incurred u/s 35D	0.01	(1.36)	(26.62)	1.37	25.26
Provision for sales returns	(100.21)	(104.04)	(73.14)	3.83	(30.90)
Provision for discount	(13.14)	(13.82)	(15.29)	0.68	1.47
Employee benefits	(22.94)	(67.84)	-	44.90	(67.84)
Expenditure incurred u/s 43B	(75.84)	(102.90)	(95.11)	27.06	(7.79)
Fair valuation of investments	120.31	116.13	97.34	4.18	18.79
Other items	(0.57)	(4.61)	0.31	4.04	(4.92)
<b>Deferred tax (income)/expense</b>				<b>14.64</b>	<b>(223.47)</b>
<b>Net deferred tax asset</b>	<b>(369.99)</b>	<b>(384.63)</b>	<b>(161.16)</b>		
Reflected in balance sheet as follows					
Deferred tax assets	(490.31)	(500.76)	(258.81)		
Deferred tax liabilities	120.32	116.13	97.65		
<b>Deferred tax assets (net)</b>	<b>(369.99)</b>	<b>(384.63)</b>	<b>(161.16)</b>		

<b>Reconciliation of deferred tax assets</b>	31 March 2018	31 March 2017
Opening balance	(384.63)	(161.16)
Tax income during the year recognised in profit or loss	(61.54)	(155.64)
Tax (income)/expense during the year recognised in other comprehensive income	76.18	(67.84)
<b>Closing balance</b>	<b>(369.99)</b>	<b>(384.63)</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.

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.



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>27. 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 ₹ 13.06 lakhs (as at 31 March 2017 ₹ 2.31 lakhs and as at 1 April 2016 ₹ 2.31 lakhs) under protest. The Company is contesting these claims at various levels.	23.62	5.09	5.09
Direct tax demand on account of tax deducted at source (TDS) defaults in previous years. The Company is contesting against such demands.	-	33.27	31.27
b) Other money for which the Company is contingently liable	45.32	31.50	31.50
<b>28. Capital commitments and other commitments</b>			
a) Capital commitments - Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits)	21.99	550.53	37.81
<b>b) Operating lease commitments - Company as lessee</b>			
The Company has taken a number of exclusive brand showrooms under operating leases. The lease rent expenses recognized during the year amounts to ₹ 1,356.97 lakhs (as at 31 March 2017 ₹ 1,380.27 lakhs and as at 1 April 2016 ₹ 1,132.55 lakhs). Expected future minimum lease payments under non-cancellable operating leases are as follows:			
Not more than 1 year	1,221.45	1,171.01	867.74
Later than 1 year and not later than 5 years	3,896.23	3,428.36	2,721.18
Later than 5 years	1,733.84	1,529.90	1,235.21
<b>29. Earnings per share (EPS) (Ind AS 33)</b>			
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.			
<b>Earnings per share:</b>			
Profit attributable to the equity shareholders (A)		5,972.14	4,415.64
Weighted-average number of equity shares (B)		21,732,064	21,732,064
Earnings per share (₹) (A/B) - Basic and Diluted		27.48	20.32
Face value per equity share (₹)		10.00	10.00

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>30. 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	9,072.09	9,349.92	3,513.36
- Trade receivables	19,299.80	14,630.84	15,171.55
- Cash and cash equivalents	152.23	69.49	79.56
- Other bank balances	1,659.80	2,527.87	7,002.22
- Loans	24.57	36.68	209.08
- Other financial asset	271.61	427.52	455.02
<b>Non financial assets</b>			
Floating charge			
- Inventories	19,067.51	20,201.06	22,176.05
- Other current assets	2,796.82	1,494.61	1,142.33
<b>Total current assets pledged as security</b>	<b>52,344.43</b>	<b>48,737.99</b>	<b>49,749.17</b>
<b>Non-current assets</b>			
First charge			
Land	3,406.68	3,290.69	2,000.65
Building	8,209.36	8,135.77	8,368.90
Plant and machinery	3,263.89	4,105.71	5,315.97
Furniture and fixtures	279.10	292.37	294.90
Fixed deposits lien by banks	-	1,651.00	2,501.00
Others	342.94	322.48	237.40
<b>Total non-current assets pledged as security</b>	<b>15,501.97</b>	<b>17,798.02</b>	<b>18,718.82</b>

**31. Employee Benefits**

**a) Defined contribution plan**

The Company make contribution towards employee's provident fund, employee's state insurance and labour welfare fund schemes. The Company has recognised ₹ 394.45 lakhs (previous year ₹ 369.81 lakhs) as contributions towards these schemes.

**b) Defined benefit plan**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. For the funded plan, the Company makes contributions to recognised funds in India.

	As at 31 March 2018	As at 31 March 2017
<b>(i) Changes in defined benefit obligation</b>		
Present value obligation as at the start of the year	943.72	629.07
Interest cost	69.19	49.22
Past service cost	67.65	-
Current service cost	110.65	73.96
Past adjustment	-	1.74
Actuarial loss - experience changes	11.93	202.17
Actuarial gains - financial assumption	(31.83)	-
Benefits paid	(77.58)	(12.44)
<b>Present value obligation as at the end of the year</b>	<b>1,093.73</b>	<b>943.72</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2018	As at 31 March 2017
<b>(ii) Change in fair value of plan assets</b>		
Fair value of plan assets as at the start of the year	730.48	677.79
Past adjustment	-	2.47
Interest Income on plan assets	53.84	49.92
Employer Contributions	87.19	6.59
Expected Return on plan assets greater/(lesser) than discount Rates	4.20	6.15
Benefits paid	(77.58)	(12.44)
<b>Fair value of plan assets as at the end of the year</b>	<b>798.13</b>	<b>730.48</b>
<b>(iii) Breakup of Actuarial (gain)/loss:</b>		
Actuarial gain on arising from change in financial assumption	(31.83)	-
Actuarial gain on arising from experience adjustment	11.93	202.17
Return on plan assets less than discount rate	(4.20)	(6.15)
	<b>(24.10)</b>	<b>196.02</b>
<b>(iv) Net liability recognised in the Balance Sheet</b>		
Present value obligation as at the end of the year	(1,093.73)	(943.72)
Fair value of plan assets as at the end of the year	798.13	730.48
<b>Net liability in the Balance Sheet</b>	<b>(295.60)</b>	<b>(213.24)</b>
<b>(v) Amount recognized in the statement of profit and loss</b>		
Current service cost	110.65	73.96
Past Service cost	67.65	-
Interest cost	69.19	49.22
Interest income on plan assets	(53.84)	(49.92)
<b>Expense recognised in the statement of profit and loss</b>	<b>193.65</b>	<b>73.26</b>
<b>(vi) Remeasurements recognised in the statement of Other Comprehensive Income (OCI)</b>		
Changes in Financial Assumptions	(31.83)	-
Experience Adjustments	11.93	202.17
Return on plan assets (greater)/less than discount rate	(4.20)	(6.15)
<b>Amount recognised in Other Comprehensive Income</b>	<b>24.10</b>	<b>(196.02)</b>
<b>(vii) Actuarial assumptions</b>		
Discount Rate (p.a)	7.85%	7.37%
Salary Escalation Rate (p.a)	9.00%	9.00%
Expected return on plan assets	7.85%	7.37%
Employee Turnover rate	11.60%	11.60%
Retirement age	62 years	62 years
Mortality Rate	Indian Assured Lives Mortality (2006-08) (modified) Ultimate	Indian Assured Lives Mortality (2006-08) (modified) Ultimate

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2018	As at 31 March 2017
<b>(viii) 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%	67.99	59.42
Impact due to increase of 0.50%	(61.85)	(53.08)
<b>Impact of change in Salary Escalation rate (p.a)</b>		
Impact due to increase of 0.50%	54.19	47.18
Impact due to decrease of 0.50%	(52.74)	(46.06)

<b>(ix) Expected future cash flows</b>		
The expected future cash flows in respect of gratuity as at 31st March, 2018 were as follows		
<b>The followings are the expected future benefit payments for the defined benefit plan :</b>		
31 March, 2018	-	124.93
31 March, 2019	150.54	111.65
31 March, 2020	126.00	106.52
31 March, 2021	140.63	122.42
31 March, 2022	119.19	101.89
Beyond 31 March, 2023	651.83	445.69

<b>(x) Category of plan assets :-</b>		
LIC of India - Group Gratuity Cash Accumulation Fund	100.00%	100.00%

**(xi) Expected Contribution**  
The expected future employer contributions for defined benefit plan ₹ 413.85 Lakhs as at 31 March, 2018 (as at 31st March, 2017 i.e. ₹ 323.89 Lakhs)

**32. Corporate Social Responsibility**

The Company for its Corporate Social Responsibility (“CSR”) has joined hands with other group companies and agreed to spent on CSR activities through a recognized charitable organization, M/s. Oswal Foundation. The Company would contribute its CSR contribution from time to time to Oswal Foundation for the CSR activities undertaken by them. The Company has set aside aggregating to ₹ 156.20 lakhs for the current year towards CSR reserve and shall not be used for any purpose (refer note 11).

In accordance with the provisions of section 135 of the Companies Act 2013, the Board of Directors of the Company had constituted a Corporate Social Responsibility (CSR) committee. In terms with the provisions of the said Act, the Company was required to spend a sum of ₹ 164.38 lakhs (as at 31 March 2017 ₹ 177.0 lakhs and as at 1 April 2016 ₹ 161.36 lakhs) towards CSR activities. The details of amount actually spent by the Company are:

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(a) Gross amount required to be spent by the company as per section 135 of the Act.	164.38	177.00	161.36
(b) Amount spent during the year on:			
- paid in cash/ cash equivalents *	8.18	30.28	161.64
- yet to be paid	-	-	-
	<b>8.18</b>	<b>30.28</b>	<b>161.64</b>

\* Including payment /contribution of cost of goods with Oswal Foundation (refer note 38) 6.26      30.28      149.78

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

**33. Dues to micro, small and medium 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 2018	As at 31 March 2017	As at 1 April 2016
Principal amount remaining unpaid	399.35	302.53	364.17
Interest due thereon	25.34	14.77	6.58
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-	-
Interest accrued and remaining unpaid as at end of the year	46.69	21.35	6.58
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 2018**

**34. Fair value measurements**

(All amounts in ₹ lakhs, unless stated otherwise)

Particulars	31 March 2018		31 March 2017		1 April 2016	
	FVTPL	Amortised cost	FVTPL	Amortised cost	FVTPL	Amortised cost
<b>(a) Financial instruments by category</b>						
<b>Financial assets (non-current)</b>						
Investments						
- Mutual funds	3,760.72	-	2,356.70	-	2,326.74	-
Loans	-	396.22	-	359.19	-	310.19
Other financial assets	-	-	-	1,651.00	-	2,501.00
<b>Financial assets (current)</b>						
Investments	9,072.09	-	9,349.92	-	3,513.36	-
Trade receivables	-	19,299.80	-	14,630.84	-	15,171.55
Cash and cash equivalents	-	152.23	-	69.49	-	79.56
Other bank balances	-	1,659.80	-	2,527.87	-	7,002.22
Loans	-	24.57	-	36.68	-	209.08
Other financial assets	-	271.61	-	427.52	-	455.02
<b>Total</b>	<b>12,832.81</b>	<b>21,804.23</b>	<b>11,706.62</b>	<b>19,702.59</b>	<b>5,840.10</b>	<b>25,728.62</b>
<b>Financial liabilities (non-current)</b>						
Borrowings	-	1,281.98	-	1,538.45	-	2,928.72
Other financial liabilities	-	1,341.23	-	1,234.93	-	1,090.86
<b>Financial liabilities (current)</b>						
Borrowings	-	4,033.55	-	3,438.09	-	2,962.38
Trade payable	-	11,016.95	-	10,332.67	-	10,683.46
Other financial liabilities	-	1,039.81	-	2,416.54	-	4,790.26
<b>Total</b>	<b>-</b>	<b>18,713.52</b>	<b>-</b>	<b>18,960.68</b>	<b>-</b>	<b>22,455.68</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 2018			31 March 2017			1 April 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets</b>									
<b>Investments at FVTPL</b>									
- Mutual funds	12,832.81	-	-	11,706.62	-	-	5,840.10	-	-
<b>Total financial assets</b>	<b>12,832.81</b>	<b>-</b>	<b>-</b>	<b>11,706.62</b>	<b>-</b>	<b>-</b>	<b>5,840.10</b>	<b>-</b>	<b>-</b>



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

**Valuation process and technique used to determine fair value**

(i) The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

**Financial assets and liabilities measured at amortised cost**

Particulars	31 March 2018			31 March 2017			1 April 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets (non-current)</b>									
Other financial assets	-	-	-	-	-	1,651.00	-	-	2,501.00
<b>Financial assets (current)</b>									
Trade receivables	-	-	19,299.80	-	-	14,630.84	-	-	15,171.55
Cash and cash equivalents	-	-	152.23	-	-	69.49	-	-	79.56
Other bank balances	-	-	1,659.80	-	-	2,527.87	-	-	7,002.22
Loans	-	-	24.57	-	-	36.68	-	-	209.08
Other financial assets	-	-	271.61	-	-	427.52	-	-	455.02
<b>Total financial assets</b>	-	-	<b>21,408.01</b>	-	-	<b>17,692.40</b>	-	-	<b>22,917.43</b>
<b>Financial liabilities (non-current)</b>									
Borrowings	-	-	1,281.98	-	-	1,538.45	-	-	2,928.72
<b>Financial liabilities (current)</b>									
Current borrowings	-	-	4,033.55	-	-	3,438.09	-	-	2,962.38
Trade payable	-	-	11,016.95	-	-	10,332.67	-	-	10,683.46
Current- other financial liabilities	-	-	1,039.81	-	-	2,416.54	-	-	4,790.26
<b>Total financial liabilities</b>	-	-	<b>17,372.29</b>	-	-	<b>17,725.75</b>	-	-	<b>21,364.82</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.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

**(c) Fair value of financial assets and liabilities measured at amortised cost**

Particulars	31 March 2018		31 March 2017		1 April 2016	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>						
Financial assets (non-current)						
Security deposits paid (Loans)	396.22	396.22	359.19	359.19	310.19	310.19
<b>Total financial assets</b>	<b>396.22</b>	<b>396.22</b>	<b>359.19</b>	<b>359.19</b>	<b>310.19</b>	<b>310.19</b>
<b>Financial liabilities</b>						
Financial liabilities (non-current)						
Security deposit received	1,341.23	1,341.23	1,234.93	1,234.93	1,090.86	1,090.86
<b>Total financial liabilities</b>	<b>1,341.23</b>	<b>1,341.23</b>	<b>1,234.93</b>	<b>1,234.93</b>	<b>1,090.86</b>	<b>1,090.86</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 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.

**35. 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 2018**

(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 its borrowings primarily at variable rate.

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Variable rate borrowings	5,571.93	6,542.94	9,835.41
Fixed rate borrowings	-	-	-
<b>Total borrowings</b>	<b>5,571.93</b>	<b>6,542.94</b>	<b>9,835.41</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 variables 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	27.86	32.71	49.18
50 bps increase would decrease the profit before tax by	(27.86)	(32.71)	(49.18)

**b) Market risk- Foreign currency risks**

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, EURO and JPY. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. Considering the low volume of foreign currency transactions, the Company's exposure to foreign currency risk is limited and the Company hence does not use any derivative instruments to manage its exposure. Also, the Company does not use forward contracts and swaps for speculative purposes

(foreign currency in lakhs)

<b>Trade receivables</b>			
- USD	0.42	0.42	0.22
	0.42	0.42	0.22
<b>Long term loans and advances</b>			
- EURO	-	-	0.12
	-	-	0.12
<b>Short term loans and advances</b>			
- USD	3.80	1.86	3.65
- EURO	0.02	0.10	0.03
- JPY	9.86	11.36	-
	13.68	13.32	3.68
<b>Trade payables</b>			
- USD	-	-	0.49
- JPY	197.72	10.53	-
	197.72	10.53	0.49
<b>Total exposure (net)</b>			
- USD	4.22	2.28	3.50
- EURO	0.02	0.10	0.15
- JPY	(187.86)	0.83	-
The following significant exchange rates as at year end spot rate:-			
USD 1	65.04	64.84	66.33
EURO 1	80.62	69.25	75.10
JPY 100	0.62	0.58	0.59

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

**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.

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>USD Sensitivity</b>			
5% decrease would decrease the profit before tax by	13.72	7.39	11.61
5% increase would increase the profit before tax by	(13.72)	(7.39)	(11.61)
<b>EUR Sensitivity</b>			
5% decrease would decrease the profit before tax by	0.08	0.35	0.56
5% increase would increase the profit before tax by	(0.08)	(0.35)	(0.56)
<b>JPY Sensitivity</b>			
5% decrease would decrease the profit before tax by	(5.78)	0.02	-
5% increase would increase the profit before tax by	5.78	(0.02)	-

**c) Market risk- Price risks**

The Company's exposure to equity securities price risk arises from investments in mutual funds held by the Company and classified in the balance sheet at fair value through profit and loss. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

Price sensitivity			
<b>- Investment in mutual funds</b>			
500 bps in NAV (Net asset value) increase would increase the profit before tax by	641.64	585.33	292.01
500 bps in NAV (Net asset value) decrease would decrease the profit before tax by	(641.64)	(585.33)	(292.01)

**(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	Trade receivables and other financial assets	Life time expected credit loss or 12 month expected credit loss
High credit risk	Trade receivables and other financial assets	Life time expected credit loss fully provided for

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

<b>Financial assets that expose the entity to credit risk –</b>	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>	<b>As at 1 April 2016</b>
<b>Low credit risk on reporting date</b>			
- Cash and cash equivalents	152.23	69.49	79.56
- Other bank balances	1,659.80	2,527.87	7,002.22
- Trade receivables	19,299.80	14,630.84	15,171.55
Investments	12,832.81	11,706.62	5,840.10
Loans(non-current)	396.22	359.19	310.19
Loans(current)	24.57	36.68	209.08
Other financial asset (non-current)	-	1,651.00	2,501.00
Other financial asset (current)	271.61	427.52	455.02

**Cash & cash equivalents and bank deposits**

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

**Trade receivables**

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit for export sales, 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.

<b>Gross carrying amount of trade receivables</b>			
Not due	7,444.50	6,392.98	6,364.13
0-60 days past due	3,927.00	3,496.20	3,762.29
61-120 days past due	5,547.29	2,745.97	4,010.48
121-180 days past due	474.98	300.06	164.46
181-365 days past due	485.95	877.77	582.99
More than one year	1,420.08	817.86	287.20
<b>Total</b>	<b>19,299.80</b>	<b>14,630.84</b>	<b>15,171.55</b>

**Loans and Other financial assets measured at amortised cost**

Loans and other financial assets measured at amortized cost includes Security deposits, term deposits with banks and interest accrued on deposits. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

**(C) Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt and overdraft from domestic banks at an optimised cost. It also enjoys strong access to domestic capital markets across equity.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

**(a) Financing arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Floating rate</b>			
<b>(i) Expiring within one year (Cash Credit and other facilities)</b>			
<b>Secured</b>			
- Cash credit facilities	5,603.85	7,158.15	10,412.36
- Overdraft facility	1,537.89	630.26	-
- Rupees term loan from banks	-	20.36	77.17
<b>(ii) Expiring beyond one year (Bank loans)</b>			
<b>Secured</b>			
- Rupees term loan from banks	-	-	20.36

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 2018</b>					
Contractual maturities of borrowings	414.84	376.45	973.62	272.63	<b>2,037.54</b>
Contractual maturities of trade payables and other payables	11,016.95	-	-	-	<b>11,016.95</b>
Contractual maturities of other financial liabilities	1,039.81	-	-	-	<b>1,039.81</b>
<b>Total</b>	<b>12,471.60</b>	<b>376.45</b>	<b>973.62</b>	<b>272.63</b>	<b>14,094.30</b>
<b>Year ended 31 March 2017</b>					
Contractual maturities of borrowings	1,753.73	402.40	1,051.48	571.22	<b>3,778.83</b>
Contractual maturities of Trade payables and other payables	10,332.67	-	-	-	<b>10,332.67</b>
Contractual maturities of other financial liabilities	2,416.54	-	-	-	<b>2,416.54</b>
<b>Total</b>	<b>14,502.94</b>	<b>402.40</b>	<b>1,051.48</b>	<b>571.22</b>	<b>16,528.04</b>
<b>Year ended 01 April 2016</b>					
Contractual maturities of borrowings	4,561.97	2,024.01	1,452.55	126.58	<b>8,165.11</b>
Contractual maturities of Trade payables and other payables	10,683.46				<b>10,683.46</b>
Contractual maturities of other financial liabilities	4,790.26				<b>4,790.26</b>
<b>Total</b>	<b>20,035.69</b>	<b>2,024.01</b>	<b>1,452.55</b>	<b>126.58</b>	<b>23,638.83</b>

	As at 31 March 2018	As at 31 March 2017
<b>36. Dividend distribution made and proposed</b>		
<b>(i) Equity shares</b>		
Final dividend for the year ended 31 March 2017 of ₹ 10 per share (excluding tax)	2,173.21	-
Final dividend for the year ended 31 March 2016 of ₹ 10 per share (excluding tax)	-	2,173.21



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

**(ii) Dividends not recognised at the end of the reporting period**

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 12 per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

**37. Capital Management**

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern as well as to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade payables, less cash and cash equivalents and other bank balances.

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Borrowings	5,571.93	6,542.94	9,835.41
Trade payables	11,016.95	10,332.67	10,683.46
Less: Cash and cash equivalents	152.23	69.49	79.56
Less: Other bank balances	1,659.80	2,527.87	7,002.22
<b>Net debt</b>	<b>14,776.85</b>	<b>14,278.25</b>	<b>13,437.09</b>
<b>Equity</b>	<b>52,893.72</b>	<b>49,589.28</b>	<b>47,917.47</b>
<b>Capital and net debt</b>	<b>67,670.57</b>	<b>63,867.53</b>	<b>61,354.56</b>
<b>Gearing ratio</b>	<b>21.84%</b>	<b>22.36%</b>	<b>21.90%</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 period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

**38. 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)
	Dinesh Gogna (Director)
	Paurush Roy (Director)
	Yash Paul Sachdeva (Independent Director)
	Ajit Singh Chatha (Independent Director)
	Salien Kumar Chaudhary (Independent Director, resigned w.e.f. 7 February 2018)
	Amrik Singh Sohi (Independent Director)
Suresh Kumar Singla (Independent Director)	
Manisha Gupta (Independent Director)	
Alok Kumar Misra (Independent Director)	
<b>(ii) Relatives of Key Management Personnel</b>	Rishabh Oswal

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

<b>(iii) Other Group companies over which key Management Personnel and their relatives are able to exercise significant Influence</b>	Oswal Woollen Mills Limited
	Atam Vallabh Financiers Limited
	Girnar Investment Limited
	Nagdevi Trading and Investment Company Limited
	Abhilash Growth Fund Private Limited
	Ruchika Growth Fund Private Limited
	Monica Growth Fund Private Limited
	J L Growth Fund Limited
	Nahar Growth Fund Private Limited
	Vanaik Investors Limited
	Vanaik Spinning Mills Limited
	Vardhman Investment Limited
	Palam Motels Limited
	Nahar Spinning Mills Limited
	Nahar Industrial Enterprises Limited
	Nahar Financial and Investment Limited
	Nahar Industrial Infrastructure Corporation Limited
	Nahar Capital and Financial Services Limited
	Sankheshwar Holding Company Limited
	Oswal Leasing Limited
	Oswal Foundation
	Oswal Denims Limited
	Cotton County Retail Limited
	Crown Star Limited (UK)
	Nahar Poly Films Limited
	Hugs Foods (Private) Limited
	Siddhant and Mannat Company Limited
	Simran and Shanaya Company Limited
	Neha Credit and Investment Private Limited
	Retailerkart E.Venture Private Limited
	Cabot Trading and Investment Company Private Limited
White Tiger Breweries and Distilleries Limited	
Bermuda Insurance Brokers Private Limited	
Kovalam Investment and Trading Company Limited	
Vigil Investment Private Limited	
Amlah Industries Limited	
Suvrat Trading Company Limited	

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

**(b) Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31 March 2018**

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>(i) Enterprises in which Key Management Personnel and relative of such personnel is able to exercise significant influence or control.</b>		
<b>Sale of goods</b>		
Nahar Spinning Mills Limited	1,343.57	516.86
Nahar Industrial Enterprises Limited	9.53	24.06
Cotton County Retail Limited	100.88	6.11
Oswal Woollen Mills Limited	99.39	78.19
Retailerkart E.Venture Private Limited	-	14.02
Oswal Foundation	10.10	-
<b>Sales returns</b>		
Oswal Woollen Mills Limited	7.04	7.16
Nahar Spinning Mills Limited	91.30	5.31
Nahar Industrial Enterprises Limited	-	24.19
Cotton County Retail Limited	0.39	0.11
Retailerkart E.Venture Private Limited	-	100.29
<b>Purchase of goods</b>		
Nahar Spinning Mills Limited	3,314.96	1,245.25
Nahar Industrial Enterprises Limited	342.54	322.76
Cotton County Retail Limited	974.58	446.95
Oswal Woollen Mills Limited	4,573.13	4,361.31
Vanaik Spinning Mills Limited	-	56.73
<b>Purchase of fixed assets</b>		
Nahar Spinning Mills Limited	0.60	15.48
Cotton County Retail Limited	1.20	-
<b>Purchase return</b>		
Nahar Industrial Enterprises Limited	-	0.20
Cotton County Retail Limited	0.53	-
<b>Sale of fixed assets</b>		
Nahar Spinning Mills Limited	0.05	-
Oswal Woollen Mills Limited	-	1.26
<b>Rent paid</b>		
Nahar Spinning Mills Limited	79.68	80.58
Nahar Industrial Enterprises Limited	13.12	47.81
Oswal Woollen Mills Limited	94.99	99.85

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

	<b>For the year ended 31 March 2018</b>	<b>For the year ended 31 March 2017</b>
<b>Rent received</b>		
Vanaik Spinning Mills Limited	-	1.17
<b>Processing charges paid</b>		
Nahar Spinning Mills Limited	347.33	351.40
Oswal Woollen Mills Limited	0.50	28.91
Cotton County Retail Limited	0.02	0.05
<b>Reimbursement of expenses paid</b>		
Nahar Industrial Enterprises Limited	59.43	100.81
Nahar Spinning Mills Limited	20.27	35.61
Oswal Woollen Mills Limited	223.17	129.46
Retailkart E.Venture Private Limited	14.95	35.48
Cotton County Retail Limited	0.55	0.03
<b>Reimbursement of expenses received</b>		
Nahar Industrial Enterprises Limited	1.64	0.01
Nahar Spinning Mills Limited	0.27	0.08
Oswal Woollen Mills Limited	14.33	7.45
Vanaik Spinning Mills Limited	-	0.02
Cotton County Retail Limited	0.02	-
<b>Contribution made to the fund (CSR activities)</b>		
Oswal Foundation (refer note 32)	6.26	30.28
<b>(ii) Year end balances- entities in which directors of the Company are able to exercise control or have significant influence</b>		
<b>Trade payables</b>		
Nahar Spinning Mills Limited	1,181.52	435.15
Nahar Industrial Enterprises Limited	16.52	77.46
Cotton County Retail Limited	119.77	168.41
Oswal Woollen Mills Limited	443.13	1,841.67
Vanaik Spinning Mills Limited	10.05	39.68
<b>Trade receivable</b>		
Nahar Spinning Mills Limited	4.71	-
Retailkart E.Venture Private Limited	-	27.88
<b>Advances to suppliers</b>		
Nahar Spinning Mills Limited	68.06	7.11
Nahar Industrial Enterprises Limited	135.14	-
Oswal Woollen Mills Limited	8.44	5.67
Vanaik Spinning Mills Limited	-	16.12
<b>Advances from customers</b>		
Nahar Spinning Mills Limited	9.52	-

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

**(c) The remuneration of directors and other members of Key management personnel during the year was as follows:**

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>(i) Remuneration to KMP's</b>		
Director Sitting Fee	2.06	2.76
Employee Benefits*	40.05	20.63
Managerial Remuneration*	316.82	324.35
<b>Total Remuneration</b>	<b>358.93</b>	<b>347.74</b>
<b>*Name of KMP</b>		
Sandeep Jain	164.79	163.40
Monica Oswal	99.31	90.98
Ruchika Oswal	92.77	90.60
	<b>356.87</b>	<b>344.98</b>
<b>Relatives of KMP's</b>		
Employee Benefits*	2.03	0.45
Managerial Remuneration*	25.96	9.84
	<b>27.99</b>	<b>10.29</b>
<b>*Name of Relatives of KMP</b>		
Rishabh Oswal	27.99	10.29
<b>(ii) Year end balances</b>		
<b>Due to KMPs</b>		
Jawahar Lal Oswal	-	0.30
Sandeep Jain	16.65	8.05
Monica Oswal	5.40	4.79
Ruchika Oswal	8.77	4.80
<b>Due to Relatives of KMP's</b>		
Rishabh Oswal	1.78	0.71
<b>Due from Relatives of KMP's</b>		
Rishabh Oswal	0.10	0.10

**39. First Time Adoption as per Ind AS**

These are the Company's first financial statements prepared in accordance with Ind AS. These financial statements, for the year ended 31 March 2018, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2016, the Company's date of transition to Ind AS. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

**Exemptions and exceptions availed**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

**A. Ind AS Optional exemptions availed.**
**(a) Deemed Cost**

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and for Investment properties covered by Ind AS 40 Investment Properties.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying values.

**(b) Leases**

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/ arrangements.

**B. Ind AS Mandatory exceptions**
**(a) Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 and 31 March 2017 are consistent with the estimates as at the same date made in the conformity with previous GAAP. The Company has made estimates for following items in accordance with Ind AS at the date of transition as these were not required under IGAAP

- (i) Investments in mutual funds carried at FVTPL

**(b) Classification and measurement of financial assets**

As required under Ind AS 101 the company has assessed the classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**C. Transition to Ind AS - Reconciliations**

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS as required under Ind AS 101:

- 1) Reconciliation of Balance sheet as at 1 April 2016 (Transition date)
- 2) (a) Reconciliation of Balance sheet as at 31 March 2017  
(b) Reconciliation of Total Comprehensive Income for the year ended 31 March 2017
- 3) Reconciliation of Equity as at 1 April 2016 and as at 31 March 2017
- 4) Reconciliation of Statement of Profit & Loss account as at 31 March 2017

**39. First time adoption as per Ind AS (cont'd)**

The presentation requirements under Previous GAAP differs from Ind AS, and hence, Previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The Regrouped Previous GAAP information is derived from the Financial Statements of the Company prepared in accordance with Previous GAAP.



**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**
**39. First time adoption as per Ind AS (cont'd)**

(All amounts in ₹ lakhs, unless stated otherwise)

**1. Reconciliation of Balance sheet as at 1 April 2016**

Particulars	Notes	Previous GAAP	Indian AS adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
a) Property, plant and equipment		16,217.87	(0.05)	16,217.82
b) Capital work-in-progress		72.02	-	72.02
c) Intangible assets		104.15	-	104.15
d) Financial assets				
i) Investments	(i)	2,000.00	326.74	2,326.74
ii) Loans	(vii)	435.25	(125.06)	310.19
iii) Other Financial assets		2,501.00	-	2,501.00
e) Deferred tax assets (net)	(v)	321.50	(160.34)	161.16
f) Other non-current assets	(vii)	111.17	89.62	200.79
<b>Current assets</b>				
a) Inventories		22,176.05	-	22,176.05
b) Financial assets				
i) Investments	(i)	2,996.31	517.05	3,513.36
ii) Trade receivables		15,171.55	-	15,171.55
iii) Cash and Cash equivalents		79.56	-	79.56
iv) Other bank balances		7,002.22	-	7,002.22
v) Loans		209.08	-	209.08
vi) Other financial asset	(ii)	593.40	(138.38)	455.02
c) Other current assets	(vii)	1,119.53	22.80	1,142.33
<b>Total Assets</b>		<b>71,110.66</b>	<b>532.38</b>	<b>71,643.04</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
a) Equity Share capital		2,173.21	-	2,173.21
b) Other equity	(x)	42,432.74	3,311.52	45,744.26
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
a) Financial liabilities				
i) Borrowings	(iv)	2,929.17	(0.45)	2,928.72
ii) Other financial liabilities	(vi)	1,110.76	(19.90)	1,090.86
b) Other non-current liabilities	(vi),(viii)	166.76	(157.34)	9.42
<b>Current liabilities</b>				
a) Financial liabilities				
i) Borrowings	(xii)	2,975.25	(12.87)	2,962.38
ii) Trade payables	(ii)	10,639.93	43.53	10,683.46
iii) Other financial liabilities		4,790.26	-	4,790.26
b) Current Tax Liabilities (Net)		18.14	-	18.14
c) Other current liabilities	(vi)	990.98	(4.17)	986.81
d) Provisions	(xi)	2,883.46	(2,627.94)	255.52
		<b>71,110.66</b>	<b>532.38</b>	<b>71,643.04</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**
**39. First time adoption as per Ind AS (cont'd)**

(All amounts in ₹ lakhs, unless stated otherwise)

**2(a) Reconciliation of Balance sheet as at 31 March 2017**

Particulars	Notes	Previous GAAP	Indian AS adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
a) Property, plant and equipment		16,147.25	(0.23)	16,147.02
b) Capital work-in-progress		272.63	-	272.63
c) Intangible assets		137.16	-	137.16
d) Financial assets				
i) Investments	(i)	2,150.00	206.70	2,356.70
ii) Loans	(vii)	500.15	(140.96)	359.19
iii) Other Financial assets		1,651.00	-	1,651.00
e) Income tax assets (net)	(vii)	211.84	-	211.84
f) Deferred tax assets (net)	(v)	493.48	(108.85)	384.63
g) Other non-current assets		12.22	98.87	111.09
<b>Current assets</b>				
a) Inventories		20,201.06	-	20,201.06
b) Financial assets				
i) Investments	(i)	8,550.00	799.92	9,349.92
ii) Trade receivables		14,630.84	-	14,630.84
iii) Cash and Cash equivalents		69.49	-	69.49
iv) Other bank balances		2,527.87	-	2,527.87
v) Loans		36.68	-	36.68
vi) Other financial asset	(ii)	565.90	(138.38)	427.52
c) Other current assets	(vii)	1,466.17	28.44	1,494.61
<b>Total Assets</b>		<b>69,623.74</b>	<b>745.51</b>	<b>70,369.25</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
a) Equity Share capital		2,173.21	-	2,173.21
b) Other equity	(x)	46,677.33	738.74	47,416.07
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
a) Financial liabilities				
i) Borrowings	(iv)	1,538.48	(0.03)	1,538.45
ii) Other financial liabilities	(vi)	1,264.71	(29.78)	1,234.93
b) Other non-current liabilities	(vi),(viii)	167.51	(152.33)	15.18
<b>Current liabilities</b>				
a) Financial liabilities				
i) Borrowings		3,438.09	-	3,438.09
ii) Trade payables		10,332.67	-	10,332.67
iii) Other financial liabilities		2,416.54	-	2,416.54
b) Other current liabilities	(vi)	1,257.07	(6.73)	1,250.34
c) Provisions	(xi)	358.13	195.64	553.77
		<b>69,623.74</b>	<b>745.51</b>	<b>70,369.25</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**
**39. First time adoption as per Ind AS (cont'd)**

(All amounts in ₹ lakhs, unless stated otherwise)

**2.(b) Reconciliation of Total Comprehensive Income for the year ended 31 March 2017**

Particulars	Notes	Previous GAAP	Indian AS adjustments	Ind AS
<b>INCOME</b>				
Revenue from operations	(xiv)	59,103.32	(565.24)	58,538.08
Other Income	(i),(vi),(vii)	2,210.01	183.18	2,393.19
		<b>61,313.33</b>	<b>(382.06)</b>	<b>60,931.27</b>
<b>EXPENSES</b>				
Cost of materials consumed	(vi)	11,407.20	(19.68)	11,387.52
Purchases of stock-in-trade		19,983.10	-	19,983.10
Change in inventories of finished goods, stock in trade and work -in-progress		1,421.49	-	1,421.49
Excise duty		692.78	-	692.78
Employee benefit expense	(iii),(ix)	4,923.32	0.32	4,923.64
Finance costs	(vi),(vii),(iv)	1,195.94	(21.36)	1,174.58
Depreciation and amortisation expense		2,473.52	0.17	2,473.69
Other expenses	(xiii),(viii)	12,914.11	(541.21)	12,372.90
<b>Total</b>		<b>55,011.46</b>	<b>(581.76)</b>	<b>54,429.70</b>
<b>Profit before corporate social responsibility and tax expense</b>		<b>6,301.87</b>	<b>199.70</b>	<b>6,501.57</b>
Corporate social responsibility expenditure		30.28	-	30.28
<b>Profit before tax</b>		<b>6,271.59</b>	<b>199.70</b>	<b>6,471.29</b>
Tax expense:				
Current tax		2,211.29	-	2,211.29
Deferred tax	(v)	(171.97)	16.33	(155.64)
<b>Profit for the year</b>		<b>4,232.27</b>	<b>183.37</b>	<b>4,415.64</b>
<b>Other comprehensive income (OCI)</b>				
<b>Items that will not be reclassified to profit or loss</b>				
- Re-measurement gains/(losses) on defined benefit plan	(iii)	-	(196.02)	(196.02)
- Deferred tax on re-measurement gains/(losses) on defined benefit plan		-	(67.84)	(67.84)
<b>Other Comprehensive Income for the year</b>		<b>-</b>	<b>(128.18)</b>	<b>(128.18)</b>
<b>Total Comprehensive Income for the year</b>		<b>4,232.27</b>	<b>55.19</b>	<b>4,287.46</b>

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

(All amounts in ₹ lakhs, unless stated otherwise)

**3. Reconciliation of Equity as at 1 April 2016 and as at 31 March 2017.**

Particulars	Notes	As at 31 March 2017	As at 1 April 2016
<b>Total equity under Previous GAAP</b>		48,850.54	44,605.95
<b>Adjustments impact: Gain/ (Loss)</b>			
(i) Fair valuation of Mutual funds investments at FVTPL	(i)	1,006.62	843.79
(ii) Financial assets and liabilities at amortised cost	(vi),(vii), (iv),(xii)	(13.38)	0.88
(iii) Proposed dividend reversed including tax on dividend	(xi)	-	2,627.95
(iv) Reversal of deferred rent straight lining	(viii)	188.59	181.22
(v) Restatement of prior period expenses	(ii)	(334.25)	(181.97)
(vi) Deferred tax on above Ind AS adjustments	(v)	(108.85)	(160.35)
<b>Total Ind AS Adjustments</b>		738.74	3,311.52
<b>Total Equity as per Ind AS</b>		<b>49,589.28</b>	<b>47,917.47</b>

**4. Reconciliation of Statement of profit and loss as at 31 March 2017**

Particulars	Notes	As at 31 March 2017
<b>Profit after tax as reported under Previous GAAP</b>		4,232.27
(i) Fair valuation of Mutual funds investments at FVTPL	(i)	162.87
(ii) Financial assets and liabilities at amortised cost	(vi),(vii),(iv),(xii)	(14.27)
(iii) Reversal of deferred rent straight lining	(viii)	7.37
(iv) Reclassification of actuarial gain/(loss) to OCI		196.02
(v) Restatement of prior period expenses	(ii)	(152.28)
(vi) Deferred tax on above Ind AS adjustments	(v)	51.50
<b>Profit after tax as reported under Ind AS</b>		4,483.48
<b>Other Comprehensive Income</b>		
Reclassification of actuarial gain/(loss) to OCI	(iii)	(196.02)
<b>Total Comprehensive income for the year as per Ind AS</b>		<b>4,287.46</b>

**The following explains the material adjustments made while transition from previous accounting standards to Ind AS**
**(i) Fair valuation of Investments**

Under the previous GAAP, investments in equity instruments were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments.

Under Ind AS all investments to be measured at fair value at the reporting date and all changes in the fair value have been recognised in retained earnings as at the date of transition and subsequent to the transition date to be recognised in the profit and loss. The fair value changes of these investments resulting in increase in investments by ₹ 1,006.62 Lakhs as at 31 March 2017 (₹ 843.79 Lakhs as at 1 April 2016) and correspondingly there is increase in other income by ₹ 1,006.62 Lakhs as at 31 March 2017 and also increase in retained earning by ₹ 843.79 Lakhs As at 1 April 2016.

**(ii) Prior period Items**

Under previous GAAP, prior period items are included in determination of net profits in which error pertaining to prior period is discovered. Under Ind AS, prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening balance sheet.

**(iii) Remeasurements of post employment benefit obligation**

Under the previous GAAP, these re-measurement were forming part of the profit or loss for the year.

Under Previous GAAP, the interest cost on defined benefit liability and expected return on plan assets was recognised as employee benefit expenses in the Statement of Profit and Loss.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

Under Ind AS, re-measurement i.e. actuarial gain/loss on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. As a result of this change, the profit for the year ended on 31 March 2017 decreased by ₹ 196.02 Lakhs. There is no impact on retained earning as at 1 April 2016.

**(iv) Non Current-Borrowings**

Under the previous GAAP, these transaction costs were charged to the profit and loss as and when incurred.

As required under the Ind AS 109 transactions costs incurred towards origination of borrowings have been deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit and loss over the tenure of the borrowing as interest expense, computed using the effective interest rate method corresponding effect being in Long term borrowings.

Consequently, borrowings as at 31 March 2017 have been reduced by ₹ 0.025 Lakhs ( as at 1 April 2016 ₹ 0.46 Lakhs) with a corresponding adjustment to increase in retained earning. The profit under the previous GAAP for the year ended 31 March 2017 has been reduced by ₹ 0.43 Lakhs due to additional interest expense.

**(v) Deferred taxes**

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period.

Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

**(vi) Security deposits Received**

Under Previous GAAP, the security deposits received are accounted at transaction value.

Under Ind AS, these are carried at amortized cost. The security deposits have been recognised at discounted value and the difference between undiscounted and discounted value has been recognised as 'Deferred Income' which has been amortised over respective term as notional interest income under 'other income'. The discounted value of the security deposits is increased over the period of lease term by recognising the notional expense under 'Cost of material consumed'. The effect of this change is decrease in security deposits under other financial liabilities by ₹ 29.77 lakhs as at 31 March 2017 (₹ 19.89 lakhs as at 1 April 2016) and increase in other non current liabilities by ₹ 15.17 lakhs as at 31 March 2017 (₹ 10.27 lakhs as at 1 April 2016) and increase in other current liabilities by ₹ 14.35 lakhs as at 31 March 2017 (₹ 9.42 lakhs as at 1 April 2016). There had been increase in other income by ₹ 2.48 lakhs and finance cost by ₹ 2.44 lakhs for the year ended 31 March 2017 and increase in retained earnings by ₹ 0.20 lakhs as at 1 April 2016.

**(vii) Security deposits Paid**

Under IGAAP, the security deposits for leases are accounted at transaction value.

Under Ind AS, the security deposits for leases have been recognised at discounted value and the difference between undiscounted and discounted value has been recognised as 'Prepaid lease rent' which has been amortised over respective lease term as rent expense under 'other expenses'. The discounted value of the security deposits is increased over the period of lease term by recognising the notional interest income under 'other income'. the effect of this change is decrease in security deposits paid under non-current loans under financial assets by ₹ 140.96 lakhs as at 31 March 2017 (₹ 125.06 lakhs as at 1 April 2016) and increase in other non current assets by ₹ 98.87 lakhs as at 31 March 2017 (₹ 89.61 lakhs as at 1 April 2016) and increase in other current assets by ₹ 28.43 lakhs as at 31 March 2017 (₹ 22.79 lakhs as at 1 April 2016). There had been increase in Other income by ₹ 19.62 lakhs and other expenses by ₹ 20.63 lakhs for the year ended 31 March 2017 and decrease in retained earnings by ₹ 12.64 lakhs as at 1 April 2016.

**(viii) Deferred Rent straight lining**

Under previous GAAP, lease rentals under an operating lease are recognized as an expense/income on a straight line basis over the lease term. Under Ind AS, no straight-lining of lease rental is required, if lease escalations are in line with the expected general inflation to compensate the lessor for expected inflationary cost. the effect of this change is decrease in in other non current liabilities by ₹ 0.74 lakhs as at 31 March 2017 (₹ 166.76 lakhs as at 1 April 2016) and increase in other current liabilities by ₹ 6.62 lakhs as at 31 March 2017 (₹ 14.45 lakhs as at 1 April 2016). There had been decrease in other expenses by ₹ 7.37 lakhs for the year ended 31 March 2017 and increase in retained earnings by ₹ 181.22 lakhs as at 1 April 2016.

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

**(ix) Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Item of income and expense that are not recognised in profit or loss but are shown in the Statement of profit and loss as “other comprehensive income” includes fair value gain / loss on FVOCI equity instruments and re-measurement of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

**(x) Retained earnings**

Retained earnings as at 1 April 2016 has been adjusted consequent to the above Ind AS transition adjustments.

**(xi) Proposed Dividend and tax thereon**

Under Previous GAAP, proposed dividends are recognized as liability in the period to which they relate irrespective of the approval by shareholders. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (on approval of shareholders in a general meeting) or paid. Therefore, the liability recorded under previous GAAP has been derecognised.

**(xii) Current Borrowings**

Under previous GAAP, renewal/annual charges on cash credit or overdraft facilities need to be straight lined over the period of the facility. In the current practice it was charged to Profit or loss as and when charged by bank not on quarterly basis. Company has adopted the practice to amortise these facility charges over the period of facility in Ind AS and charging to Profit or loss on straight lined basis over the period of the facility. The effect of this change is increase in short term borrowings ₹ 12.87 lakhs as at 31 March 2017. and there is increase in finance cost of ₹ 12.87 lakhs as at 31 March 2017 resulting there is increase in Retained earning by ₹ 12.87 lakhs as at 31 March 2017.

**Classification & Presentation**

**(xiii) Discounts and incentives to customers**

Under previous GAAP, discounts and incentives to the customers were shown as a part of other expense. Under Ind AS, revenue from sale of products are recognised at net of discounts and incentives to the customers. Thus, sale of products under Ind AS has decreased by ₹ 247.59 Lakhs for the year ended 31 March 2017, with a corresponding decrease in selling expenses.

**(xiv) Excise Duty**

Under the previous GAAP, sale of goods was presented as net of excise duty. Under Ind AS, revenue from sale of products is presented inclusive of excise duty. The excise duty paid on sale of products is separately presented on the face of statement of profit and loss as a part of expense. Thus sale of goods under Ind AS has increased by ₹ 692.78 lakhs as at 31 March 2017.

**40. Regrouping and restatement**

The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended 31 March 2017 as compared with the previous GAAP.

For **Walker Chandio & Co LLP**  
Chartered Accountants

**Sandeep Mehta**  
Partner

Place : Ludhiana  
Date : 25 May 2018

For **Monte Carlo Fashions Limited**

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

**Raj Kapoor Sharma**  
(Vice President-Accounts)  
(Membership No. 093017)

Place : Ludhiana  
Date : 25 May 2018

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

**Sahil Jain**  
(Company Secretary)  
(Membership No. F9011)



**MONTE CARLO FASHIONS LIMITED**  
 (CIN: L51494PB2008PLC032059),  
 Registered Office: B-XXIX-106, G.T. Road, Sherpur, Ludhiana-141003  
 Tel.: 91-161-5048610-40, Fax: 91-161-5048650  
 Website: www.montecarlocorporate.com  
 E-mail: investor@montecarlocorporate.com

**TENTH (10<sup>TH</sup>) ANNUAL GENERAL MEETING**

**PLEASE FILL THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL**

DP ID*	Folio No.
Client ID*	No. of Shares

**NAME AND ADDRESS OF SHAREHOLDER:**

I certify that I am the registered shareholder(s)/proxy for the registered shareholder of the Company.  
 I hereby record my presence at the Tenth (10<sup>th</sup>) Annual General Meeting of the Company on Thursday, the 27<sup>th</sup> day of September, 2018 at 11.00 A.M at the Registered Office of the Company at B-XXIX-106, G.T. Road, Sherpur, Ludhiana.

.....  
 Signature of Member / Proxy

**Notes:**

1. \*Applicable for investors holding shares in electronic form.
2. Please read the instructions given at Note No. 23 of the Notice of Tenth (10<sup>th</sup>) Annual General Meeting, carefully before voting electronically.

<b>ELECTRONIC VOTING PARTICULARS</b>		
<b>EVSN (E-Voting Sequence Number)</b>	<b>User ID/ Folio No./ DP/Client ID</b>	<b>Sequence No.</b>
<b>180818029</b>		

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

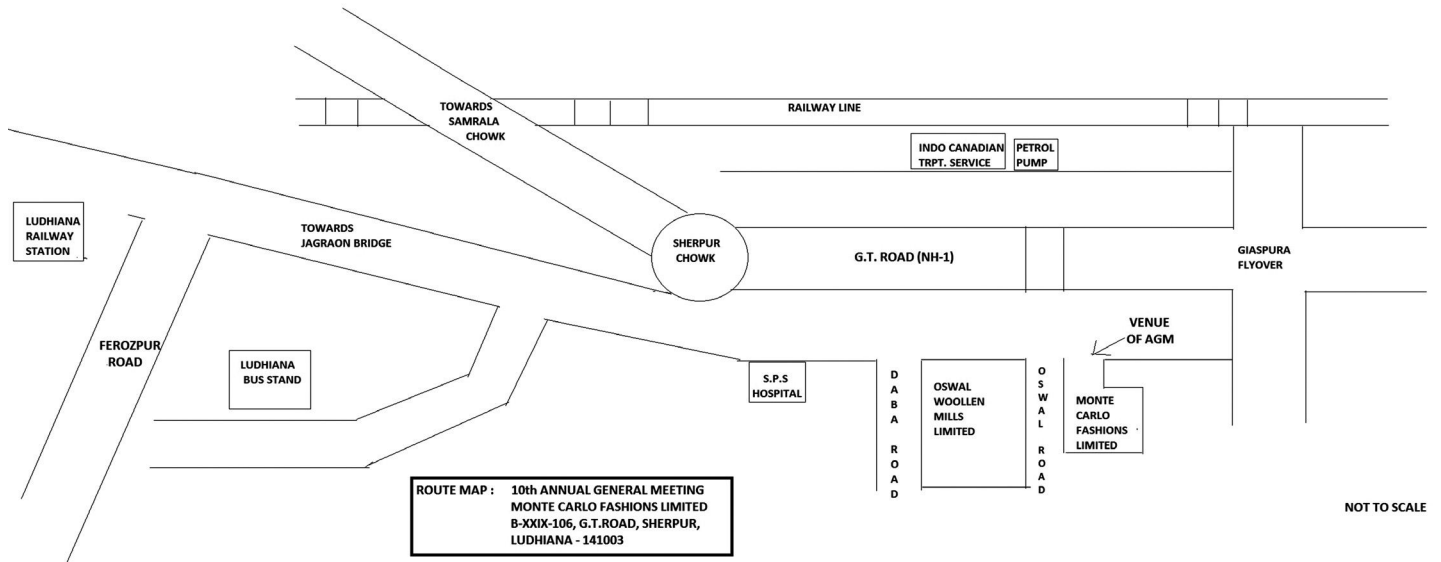
**MONTE CARLO FASHIONS LIMITED**  
 (CIN: L51494PB2008PLC032059)  
 Regd. Office: B-XXIX-106, G.T. Road, Sherpur, Ludhiana-141003  
 Tel.: 91-161-5048610-40, Fax: 91-161-5048650  
 Website: www.montecarlocorporate.com,  
 E-mail: investor@montecarlocorporate.com

**PROXY FORM**  
**Form No. MGT-11**  
 [Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member (s):	E-Mail ID:
Registered Address:	Folio No./ Client ID:
	DP ID :

- I / We, being the member (s) of ..... shares of Monte Carlo Fashions Limited, hereby appoints
1. Name: ..... E-mail ID: .....  
 Address:.....  
 ..... Signature: ....., or failing him/her
  2. Name: ..... E-mail ID: .....  
 Address:.....  
 ..... Signature: ....., or failing him/her
  3. Name: ..... E-mail ID: .....  
 Address:.....  
 ..... Signature: .....

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Tenth (10<sup>th</sup>) Annual General Meeting of the Company on Thursday, the 27<sup>th</sup> day of September, 2018 at 11.00 A.M at the Registered Office of the Company situated at B-XXIX-106, G.T. Road, Sherpur, Ludhiana-141003 and at any adjournment thereof in respect of such business items as are indicated below:



Item No.	Particulars	Optional*	
		For	Against
<b>ORDINARY BUSINESS</b>			
1.	To receive, consider and adopt the Audited Financial Statements for the Financial Year ended March 31, 2018 along with the Reports of the Directors and Auditors thereon		
2.	To declare dividend on Equity Shares of the Company for the Financial Year 2017-18.		
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. Monika 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 ratify the appointment of Statutory Auditors and to fix their remuneration.		
<b>SPECIAL BUSINESS</b>			
6.	To appoint Sh. Paurush Roy (DIN: 03038347) as an Independent Director of the Company.		
7.	To appoint Sh. Rishabh Oswal (DIN: 03610853) as Director of the Company.		
8.	To appoint Sh. Rishabh Oswal (DIN: 03610853) as an Executive Director of the Company.		

Signed this.....day of .....2018.

.....  
Signature of Member

.....  
Signature of Proxy holder(s)

Affix  
Revenue  
Stamp of  
Re. 1

**Notes:**

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
- \*It is optional to put a tick (✓) in the appropriate column against the Resolution indicated in the box. If you leave the 'For' or 'Against' column blank against any or all the Resolution, your proxy will be entitled to vote in the manner as he/ she thinks appropriate.
- Please complete all the details of the member(s) in box before submission.





**MONTE CARLO FASHIONS LIMITED**

(CIN: L51494PB2008PLC032059)

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

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

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

