

MONTE CARLO FASHIONS LIMITED

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

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

MCFL/CS/2021-22

August 28, 2021

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

Sub: Annual Report for the Financial Year 2020-21

Pursuant to Regulation 34 read with Regulation 30 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of the Company for the financial year 2020-21 to be approved and adopted in the 13th (Thirteenth) Annual General Meeting (AGM) of the Company scheduled to be held on Friday, September 24, 2021 at 11:00 A.M. through Video Conferencing/ Other Audio Visual Means.

In compliance with relevant circulars issued by Ministry of Corporate Affairs and the Securities and Exchange Board of India, the Notice convening the AGM and the Annual Report of the Company for the financial year 2020-21 is being sent through electronic mode to all the members of the Company whose email addresses are registered with the Company/ Company's RTA or Depository Participant(s).

This Annual Report is also available on the website of the Company i.e. www.montecarlocorporate.com.

This is for your information and record.

For MONTE CARLO FASHION LIMITED

**ANKUR GAUBA****COMPANY SECRETARY & COMPLIANCE OFFICER**

ICSI Membership No. FCS 10577



Encl: as above

MONTE CARLO

It's the way you make me feel



13th
Annual Report
2020-21





MONTE CARLO FASHIONS LIMITED

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

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

<p>BOARD OF DIRECTORS</p> <table border="0"> <tr> <td>Sh. Jawahar Lal Oswal</td> <td>Chairman & Managing Director</td> </tr> <tr> <td>Sh. Sandeep Jain</td> <td>Executive Director</td> </tr> <tr> <td>Smt. Ruchika Oswal</td> <td>Executive Director</td> </tr> <tr> <td>Smt. Monica Oswal</td> <td>Executive Director</td> </tr> <tr> <td>Sh. Rishabh Oswal</td> <td>Executive Director</td> </tr> <tr> <td>Sh. Dinesh Gogna</td> <td>Non-Executive Director</td> </tr> <tr> <td>Sh. Ajit Singh Chatha</td> <td>Independent Director</td> </tr> <tr> <td>Sh. Alok Kumar Misra</td> <td>Independent Director</td> </tr> <tr> <td>Dr. Amrik Singh Sohi</td> <td>Independent Director</td> </tr> <tr> <td>Dr. Manisha Gupta</td> <td>Independent Director</td> </tr> <tr> <td>Dr. Suresh Kumar Singla</td> <td>Independent Director</td> </tr> <tr> <td>Sh. Paurush Roy</td> <td>Independent Director (Resigned w.e.f 05.08.2021)</td> </tr> <tr> <td>Dr. Roshan Lal Behl</td> <td>Additional Director (Appointed w.e.f 05.08.2021)</td> </tr> </table>		Sh. Jawahar Lal Oswal	Chairman & Managing Director	Sh. Sandeep Jain	Executive Director	Smt. Ruchika Oswal	Executive Director	Smt. Monica Oswal	Executive Director	Sh. Rishabh Oswal	Executive Director	Sh. Dinesh Gogna	Non-Executive Director	Sh. 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	Sh. Paurush Roy	Independent Director (Resigned w.e.f 05.08.2021)	Dr. Roshan Lal Behl	Additional Director (Appointed w.e.f 05.08.2021)
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<p>CHIEF FINANCIAL OFFICER Sh. Raj Kapoor Sharma</p> <p>COMPANY SECRETARY Sh. Ankur Gauba</p> <p>STATUTORY AUDITORS Walker, Chandiok & Co. LLP Chartered Accountants B-406 A, 4th Floor, L & T Elante Office Industrial Area, Phase I, Chandigarh-160002</p> <p>SECRETARIAL AUDITORS P. S. Dua & Associates, Company Secretaries 5 SF, Sant Isher Nagar, Pakhawal Road, Ludhiana -141002, Punjab</p>	<p>REGISTRAR & SHARE TRANSFER AGENT Link Intime India Private Limited Registered Office: C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083</p> <p>BANKERS State Bank of India Federal Bank Limited</p> <p>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</p>																										
<p>13th ANNUAL GENERAL MEETING DAY : FRIDAY DATE : September 24, 2021 TIME : 11.00 A.M. Through video conferencing (VC) / other audio visual means (OAVM)</p>	<table border="0"> <thead> <tr> <th>CONTENTS</th> <th>PAGE NO.</th> </tr> </thead> <tbody> <tr> <td>• Notice</td> <td>2</td> </tr> <tr> <td>• Director's Report</td> <td>21</td> </tr> <tr> <td>• Corporate Governance Report</td> <td>41</td> </tr> <tr> <td>• Management Discussion and Analysis Report</td> <td>63</td> </tr> <tr> <td>• Business Responsibility Report</td> <td>70</td> </tr> <tr> <td>• Independent Auditor's Report</td> <td>79</td> </tr> <tr> <td>• Balance Sheet</td> <td>87</td> </tr> <tr> <td>• Statement of Profit & Loss</td> <td>89</td> </tr> <tr> <td>• Cash Flow Statement</td> <td>90</td> </tr> <tr> <td>• Significant Accounting Policies and Notes</td> <td>93</td> </tr> </tbody> </table>	CONTENTS	PAGE NO.	• Notice	2	• Director's Report	21	• Corporate Governance Report	41	• Management Discussion and Analysis Report	63	• Business Responsibility Report	70	• Independent Auditor's Report	79	• Balance Sheet	87	• Statement of Profit & Loss	89	• Cash Flow Statement	90	• Significant Accounting Policies and Notes	93				
CONTENTS	PAGE NO.																										
• Notice	2																										
• Director's Report	21																										
• Corporate Governance Report	41																										
• Management Discussion and Analysis Report	63																										
• Business Responsibility Report	70																										
• Independent Auditor's Report	79																										
• Balance Sheet	87																										
• Statement of Profit & Loss	89																										
• Cash Flow Statement	90																										
• Significant Accounting Policies and Notes	93																										

MONTE CARLO FASHIONS LIMITED

(CIN: L51494PB2008PLC032059)

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

Telephone Nos.: 91-161-5048610-40, Fax: 91-161-5048650

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

NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting (“AGM”) of the Members of MONTE CARLO FASHIONS LIMITED will be held on Friday, September 24, 2021 at 11:00 A.M. through electronic mode [video conference (“VC”) or other audio visual means (“OAVM”)] to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the Financial Year ended March 31, 2021 along with the Reports of the Directors and Auditors thereon.

“**RESOLVED THAT** the Audited Financial Statements of the Company along with the Reports of the Directors and Auditors thereon for the financial year ended on March 31, 2021 along with Annexures as laid before this Annual General Meeting be and are hereby received, considered, approved and adopted.”

2. To declare dividend on Equity Shares of the Company for the Financial Year ended March 31, 2021

“**RESOLVED THAT** a Dividend at the rate of ₹15.00/- per share on 2,07,32,064 Equity Shares of Rs. 10/- each as recommended by the Board of Directors be and is hereby approved.”

3. To appoint a Director in place of Sh. Rishabh Oswal (DIN: 03610853), who retires by rotation in terms of Section 152(6) of Companies Act, 2013 and being eligible, offers himself for re-appointment.

“**RESOLVED THAT** Sh. Rishabh Oswal (DIN: 03610853), a Director of the Company who retires by rotation at this Meeting, being eligible for re-appointment as Director of the Company be and is hereby re-appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Director by rotation.”

4. To appoint a Director in place of Sh. Dinesh Gogna (DIN: 00498670), who retires by rotation in terms of Section 152(6) of Companies Act, 2013 and being eligible, offers himself for re-appointment.

“**RESOLVED THAT** Sh. Dinesh Gogna (DIN: 00498670), a Director of the Company who retires by rotation at this Meeting, being eligible for re-appointment as Director of the Company be and is hereby re-appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Director by rotation.”

SPECIAL BUSINESS:

5. To appoint Dr. Roshan Lal Behl (DIN: 06443747) 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 the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013, rules made thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Dr. Roshan Lal Behl (DIN: 06443747), who was appointed by the Board of Directors as an Additional Director (Independent) of the Company with effect from August 5, 2021, and who holds office upto the date of this Annual General Meeting, in terms of Section 161 of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing his candidature for the office of a Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 3 (Three) consecutive years with effect from August 5, 2021.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary, expedient and desirable to give effect to this resolution.”

6. To re-appoint Sh. Jawahar Lal Oswal (DIN: 00463866) as Chairman & Managing Director of the Company:

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

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, rules made thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and such other approvals as may be required and pursuant to recommendation of the Nomination & Remuneration Committee and the Board of Directors, consent and approval of the Members of the Company be and is hereby accorded to re-appoint Sh. Jawahar Lal Oswal (DIN: 00463866), who has already attained the age of 70 years, as Chairman & Managing Director of the Company for a period of 5 (five) years with effect from August 10, 2021 on the terms and conditions including remuneration as detailed below:-

REMUNERATION:

A. Basic Salary:

₹50,00,000/- (Rupees Fifty Lakhs only) per month with such annual increase as may be decided by the Board (which includes a committee thereof) from time to time, but subject to maximum Basic Salary of ₹75,00,000/- (Rupees Seventy Five Lakhs only) per month during the aforesaid term.

B. Commission

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

C. Perquisites and Allowances:

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

(i) House Rent Allowance:

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

(ii) Bonus / Ex-Gratia and Encashment of Leave:

As per Rules of the Company.

(iii) Employer’s contribution to Provident fund/Superannuation fund:

As per rules of the Company.

(iv) Gratuity / Contribution to Gratuity Fund:

Gratuity shall be paid as per rules of the Company.

(v) Medical Reimbursement:

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

(vi) 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 two dependent children.

(vii) Club Fees:

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

(viii) Personal Accident Insurance:

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

(ix) 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. Jawahar Lal Oswal, subject to the limits prescribed in the Companies Act, 2013 read with Schedule V or subject to such approvals as may be required and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to above resolution."

7. To re-appoint Smt. Ruchika Oswal (DIN: 00565979) 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 the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, rules made thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and such other approvals as may be required and pursuant to recommendation of the Nomination & Remuneration Committee and the Board of Directors, consent and approval of the Members of the Company be and is hereby accorded to re-appoint Smt. Ruchika Oswal (DIN: 00565979) as the Executive Director of the Company for a period of 5 (five) years with effect from August 10, 2021 on the terms and conditions including remuneration as detailed below:-

REMUNERATION:

A. Basic Salary

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

(i) House Rent Allowance:

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

(ii) Bonus / Ex-Gratia and Encashment of Leave:

As per Rules of the Company.

(iii) Employer's contribution to Provident fund/superannuation fund:

As per Rules of the Company.

(iv) Gratuity / Contribution to Gratuity Fund:

Gratuity shall be paid as per Rules of the Company.

(v) Medical Reimbursement:

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

(vi) Leave Travel Concession:

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

(vii) Club Fees:

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

(viii) Personal Accident Insurance:

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

(ix) Car/Telephone:

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

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

8. To re-appoint Smt. Monica Oswal (DIN: 00566052) 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 the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, rules made thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and such other approvals as may be required and pursuant to recommendation of the Nomination & Remuneration Committee and the Board of Directors, consent and approval of the Members of the Company be and is hereby accorded to re-appoint Smt. Monica Oswal (DIN: 00566052) as the Executive Director of the Company for a period of 5 (five) years with effect from August 10, 2021 on the terms and conditions including remuneration as detailed below:-

REMUNERATION:

A. Basic Salary

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

(i) House Rent Allowance:

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

(ii) Bonus / Ex-Gratia and Encashment of Leave:

As per Rules of the Company.

(iii) Employer's contribution to Provident fund/superannuation fund:

As per Rules of the Company.

(iv) Gratuity / Contribution to Gratuity Fund:

Gratuity shall be paid as per Rules of the Company.

(v) Medical Reimbursement:

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

(vi) Leave Travel Concession:

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

(vii) Club Fees:

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

(viii) Personal Accident Insurance:

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

(ix) Car/Telephone:

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

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

Place: Ludhiana

Date: 05.08.2021

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

**Ankur Gauba
(Company Secretary)
ICSI MEMBERSHIP NO. FCS-10577**

NOTES:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts in respect of businesses to be transacted at the Annual General Meeting ("AGM") as set out under item no. 5 to 8 above and the relevant details of Directors as mentioned under item no. 3 to 8 above as required by Regulations 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India, is annexed thereto.
2. In view of the current extraordinary circumstances caused by the COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" read with General Circular No. 14/ 2020 dated April 8, 2020 , the General Circular No. 17/ 2020 dated April 13, 2020, No. 33/2020 dated September 28, 2020 and General Circular No. 39/2020 dated December 31, 2020 in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19" and General Circular No.02/2021 dated January 13, 2021 (collectively referred to as "MCA Circulars") and SEBI vide its circular dated May 12, 2020 in relation to "Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Covid-19 pandemic" and circular dated January 15, 2021 ("SEBI Circulars") have permitted the holding of the General Meetings through VC / OAVM, without the physical presence of the Members at a common venue.
In compliance with the provisions of the Companies Act, 2013 ("Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and above referred MCA Circulars, the current AGM of the Company is being held through VC / OAVM on Friday, September 24, 2021 at 11.00 a.m.(IST). The deemed venue for the meeting shall be registered office of the Company at B-XXIX-106, G.T. Road, Sherpur, Ludhiana-141003.
3. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, route map and Attendance Slip are not annexed to this Notice. However, Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013. Members are permitted to join the AGM through VC/OAVM, Thirty (30) minutes before the scheduled time of commencement of AGM and during the AGM, by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC/OAVM will be made available on first come first served basis.
 5. Institutional Investors / Corporate Shareholders (i.e. other than Individual / HUF / NRI etc) can appoint their authorised representatives pursuant to Sections 112 and 113 of the Act, as the case may be, to attend the AGM through VC / OAVM or to vote through remote e-Voting. They are requested to send a certified copy of the Board Resolution of authorisation to the Scrutiniser by e-mail at cspdsua@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com.
 6. In case of joint holders, only such joint holder who is higher in the order of names will be entitled to vote during the AGM.
 7. Only bona fide members of the Company whose name appear first on the Register of Members, will be permitted to attend the meeting through VC/ OAVM. The Company reserves its right to take all necessary steps as may be deemed necessary to restrict non-members from attending the meeting.
 8. The Register of Directors and Key Managerial Personnels and their Shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the Directors are interested maintained under Section 189 of the Act will be available for inspection by the Members in electronic mode during the AGM. Members who wish to seek inspect, may send their request through an email at investor@montecarlocorporate.com up to the date of AGM.
 9. M/s. Walker Chandio & Co. LLP, Chartered Accountants, were appointed as the Statutory Auditors of the Company at the 12th Annual General Meeting held on September 28, 2020 for a period of 2 years. Pursuant to Notification issued by the Ministry of Corporate Affairs on May 7, 2018 amending Section 139 of the Act and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at this AGM.
- 10. Book Closure and Dividend:**
- i) Pursuant to Section 91 of the Companies Act, 2013 and Rule 10 of the Companies (Management and Administration) Rules, 2014 read with Regulation 42(5) of the Listing Regulations, the Share Transfer Books and Register of Members of the Company will remain closed from **Saturday, September 18, 2021 to Friday, September 24, 2021 (both days inclusive)**.
 - ii) The Board of directors of the Company at its meeting held on May 14, 2021 has recommended a dividend @150% i.e. ₹15/- per Equity Share on the paid up equity share capital of the Company. The dividend, if declared at the Annual General Meeting, will be paid subject to deduction of income-tax at source ('TDS'), wherever applicable within a period of 30 days from the date of declaration to the members as under:
 - a) To all the Beneficial Owners as on **Friday, September 17, 2021** as per the list of beneficial owners to be furnished by the National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
 - b) To all Members in respect of shares held in physical form after giving effect to valid transmission and transposition in respect of valid requests lodged with the Company/Registrar and Share Transfer Agent as on **Friday, September 17, 2021**.
 - iii) Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of the Shareholders w.e.f. April 1, 2020 and the Company is required to deduct TDS from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ('the IT Act'). In general, to enable compliance with TDS requirements. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof.
 - iv) The Members are requested to complete and/or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants ('DPs') or in case shares are held in physical form, with the Company / Company's Registrars and Transfer Agents viz. Link In time India Private Limited ("RTA") before Friday, September 17, 2021 by quoting the Folio No. and attaching a scanned copy of the cancelled cheque leaf of their bank account and a self-attested scanned copy of the PAN card.
 - v) A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source, by email to investor@montecarlocorporate.com by September 17, 2021. Shareholders are requested to note that in case

their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to investor@montecarlocorporate.com. The aforesaid declarations and documents need to be submitted by the shareholders by September 17, 2021. For detailed instructions and formats of the Forms and documents to be submitted, please visit www.montecarlocorporate.com.

- vi) Further, in order to receive the dividend in a timely manner, Members holding shares in physical form and not updated their mandate for receiving the dividends directly in their bank accounts through Electronic Clearing Service or any other means are requested to mail the following documents to Company's Registrars and Transfer Agents viz. Link In time India Private Limited ("RTA"), so that it reaches to them latest by Friday, September 17, 2021:
- a. signed request letter mentioning their name, folio number, complete address and following details relating to bank account in which the dividend is to be received:
 - Name and Branch of Bank and Bank Account type;
 - Bank Account Number & Type allotted by the Bank after implementation of Core Banking Solutions;
 - 11 digit IFSC Code.
 - b. self-attested copy of cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;
 - c. self-attested copy of the PAN Card; and
 - d. self-attested copy of any document (such as Aadhaar Card, Driving License, Election Identity Card, Passport) in support of the address of the Member as registered with the Company.

Members holding shares in dematerialized form may note that bank particulars registered against their respective demat accounts will be used by the Company for payment of dividend and therefore, members are requested to update with their respective Depository Participants ("DP"), their bank account details (account number, 9 digit MICR and 11 digit IFSC), e-mail IDs and mobile number. Members holding shares in physical form may communicate details to the Company / Company's Registrars and Transfer Agents viz. Link In time India Private Limited ("RTA"), before Friday, September 17, 2021 by quoting the Folio No. and attaching a scanned copy of the cancelled cheque leaf of their bank account and a self-attested scanned copy of the PAN card.

- vii) Dividend warrants / demand drafts will be dispatched to the registered address of the Members who have not updated their bank account details.
- viii) Members are requested to note that, pursuant to the provisions of Sections 124 and 125 of the Act read with the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, dividends which remain unclaimed / unpaid for a period of 7 years are required to be transferred to Investor Education and Protection Fund. The Company requests the Members to claim the unclaimed dividends within the prescribed period and contact Link Intime India Private Limited, Registrar and Share Transfer Agent (RTA) for claiming the unclaimed dividends standing to the credit in their account. The details of the unclaimed dividends are also available on the Company's website at <http://www.montecarlocorporate.com/details-of-unclaimed-amounts.php> and Ministry of Corporate Affairs at www.iepf.gov.in/.
11. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company's Registrars and Transfer Agents, M/s Link In time India Private Limited for assistance in this regard.
12. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held in electronic form and to M/s Link In time India Private Limited in case the shares are held in physical form, quoting their folio no. Further, Members may note that SEBI has mandated the submission of PAN by every participant in securities market.

13. i) Members who wish to inspect the relevant documents referred to in the Notice can send an e-mail to investor@montecarlocorporate.com by mentioning their DP ID & Client ID/ Physical Folio Number.
- ii) Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before September 17, 2021 through email on investor@montecarlocorporate.com. The same will be replied by the Company suitably
14. In view of the COVID-19 pandemic and resultant difficulties involved in dispatch of physical copies of the Annual Report, the MCA, vide its Circular dated May 5, 2020 has dispensed with the requirement of dispatch of physical copies of the Annual Report. Accordingly, the Notice of the AGM along with the Annual Report 2020-21 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website www.montecarlocorporate.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the same may also be accessed by the members from the website of CDSL i.e. www.evotingindia.com. For any communication, the shareholders may also send requests to the Company's dedicated investor email-id: investor@montecarlocorporate.com.
15. To support the 'Green Initiative', the Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with M/s Link In time India Private Limited in case the shares are held by them in physical form.
16. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 with the Company's share transfer agent. In respect of shares held in electronic/ demat form, the members may please contact their respective depository participant.
17. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market for transaction of transfer, transmission/ transposition and deletion of name of deceased holder. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar & Share Transfer Agents, M/s. Link Intime India Pvt. Ltd
18. **Process for those Members whose email Ids are not registered:**
 - i) **For Members holding Shares in the physical form** - Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), self-attested scanned copy of PAN card, self attested scanned copy of Aadhar Card by email to the Company: investor@montecarlocorporate.com
 - ii) **For Members holding Shares in Demat form** - Please provide Demat account details (CDSL- 16 digit beneficiary ID or NSDL-16 digit DPID + Client ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to the Company: investor@montecarlocorporate.com on or before **Friday, September 17, 2021**.
 - iii) In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.
19. **Remote e-Voting before/during the AGM:**
 - i) Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended) and the MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with CDSL for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a Member using remote e-Voting system as well as remote e-Voting during the AGM will be provided by CDSL.
 - ii) Members of the Company holding shares either in physical form or in electronic form as on the cut-off date i.e. Friday, September 17, 2021 may cast their vote by remote e-Voting. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting before the AGM as well as remote e-Voting during the AGM. Any person who acquires shares of the Company and becomes a Member of the Company after the dispatch of the Notice and holding shares as on the cut-off date i.e. Friday, September 17, 2021, may obtain the User ID and Password by sending a request at helpdesk.evoting@cdslindia.com.

- iii) The remote e-Voting period commences on Tuesday, September 21, 2021 at 9.00 a.m. (IST) and ends on Thursday, September 23, 2021 at 5.00 p.m. (IST). The remote e-Voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. The voting rights of the Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date i.e. Friday, September 17, 2021.
- iv) Members will be provided with the facility for voting through electronic voting system during the VC proceedings at the AGM and Members participating at the AGM, who could not cast their vote by remote e-Voting. They will be eligible to exercise their right to vote at the end of discussion on the resolutions on which voting is to be held, upon announcement by the Chairman. Members could have cast their vote on resolution(s) by remote e-Voting prior to the AGM will also be eligible to participate at the AGM through VC/OAVM but shall not be entitled to cast their vote on such resolution(s) again. The remote e-Voting module on the day of the AGM shall be disabled by CDSL for voting 15 minutes after the conclusion of the Meeting.
- v) Pursuant to SEBI Circular No. SEBI/HO/FD/ CMD/CIR/P/2020/242 dated December 9, 2020, under regulation 44 of the Listing Regulations, listed companies are required to provide remote e-voting facility to its shareholders in respect of all shareholders resolutions. However, it has been observed that the participation by the public non-institutional members / retail members is at a negligible level. Currently there are multiple e-voting service providers (“ESPs”) providing e-voting facility to listed companies in India. This necessitates registration on various ESAs and maintenance of multiple user IDs and passwords by the members. In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders by way of a single login credential, through their demat accounts / websites of Depositories / Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESAs, thereby, not only facilitating seamless authentication, but also enhancing ease and convenience of participating in e-voting process
- vi) In view of the aforesaid SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, individual members holding shares in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Members are advised to update their mobile number and email ID in their demat accounts in order to access e-voting facility.

Pursuant to the aforesaid SEBI Circular dated December 9, 2020, login method for e-voting and joining virtual meetings for individual members holding shares in demat mode is given below:

Type of Members	Login Methods
Individual members holding shares in Demat mode with CDSL	<ul style="list-style-type: none"> a) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. b) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers’ website directly. c) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration d) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

<p>Individual Members securities in demat mode with NSDL</p>	<p>a) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>b) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>c) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting</p>
<p>Individual Shareholders (holding securities in demat mode) login through their Depository Participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Members holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
<p>Individual Shareholders holding securities in Demat mode with CDSL</p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 22-23058542-43.</p>
<p>Individual Shareholders holding securities in Demat mode with NSDL</p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30</p>

Login method for e-Voting and joining virtual meeting for members other than individual members holding in Demat form & physical members.

- i) The members should log on to the e-voting website www.evotingindia.com.
- ii) Click on "shareholder" module.
- iii) Now enter your User ID
For CDSL: 16 digits beneficiary ID,
For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
Members holding shares in Physical Form should enter Folio Number registered with the Company. or Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from login myeasi using your login credentials. Once you successfully login to CDSL's EASI/EASIEST e-services, click on e-voting option and proceed directly to cast your vote electronically.
- iv) Next enter the Image Verification as displayed and Click on Login.
- v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- vi) If you are a first-time user follow the steps given below:

	For Members holding shares in Demat Form other than individual and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both, members holding shares in demat mode as well as physical mode) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) 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.
- ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x) Click on the EVSN **210818037** for **MONTE CARLO FASHIONS LIMITED**.
- xi) 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.
- xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiii) 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.
- xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xvi) If 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.
- xvii) Members can also cast their vote using CDSL's mobile app m-Voting. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while remote e-voting on your mobile.

xviii) Note for Non – Individual Shareholders and Custodians –Remote Voting

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; investor@montecarlocorporate.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- xix) If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).
- xx) Name, designation, address, e-mail ID and phone number of the person responsible to address the grievances connected with the evoting:
Sh. Ankur Gauba,
 Company Secretary and Compliance Officer
 B-XXIX-106, G.T. Road, Sherpur, Ludhiana – 141003,
 Ph. 0161-5066628, E-mail Id: investor@montecarlocorporate.com.
- xxi) All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.
- 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. Friday, September 17, 2021 may follow the same instructions as mentioned above for e-Voting.

20. Instructions for members attending the AGM through VC / OAVM and e-voting during AGM are as under:

- i) The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for Remote e-voting.
- ii) The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
- iii) Members who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM/EGM.
- iv) Members are encouraged to join the Meeting through Laptops / IPads for better experience.
- v) Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- vi) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- vii) Members who would like to express their views/ ask questions during the AGM may register themselves as a speaker by sending their request in advance at least 7 days prior to the AGM mentioning their name, demat account number / folio number, email id, mobile number at the Company's email Id: investor@montecarlocorporate.com. Those Members who have registered themselves as a speaker will be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

- viii) The members who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to the AGM mentioning their name, demat account number / folio number, email id, mobile number at the Company's email Id investor@montecarlocorporate.com. These queries will be replied to by the Company suitably by email.
- ix) Only those members, who are present in the AGM/EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
- x) If any Votes are cast by the members through the e-voting available during the EGM/AGM and if the same members have not participated in the meeting through VC/OAVM facility, then the votes cast by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members attending the meeting.

21. Declaration Of Results:

- i) The scrutinizer shall, immediately after the conclusion of voting during the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairperson of the Company or the person authorized by him, who shall countersign the same.
- ii) Based on the scrutinizer's report, the Company will submit within 48 hours of the conclusion of the AGM to the Stock Exchanges, details of the voting results as required under Regulation 44(3) of the SEBI Listing Regulations.
- iii) The results declared along with the scrutinizer's report, will be hosted on the website of the Company at www.montecarlocorporate.com and on the website of CDSL at www.evotingindia.com, immediately after the declaration of the result by the Chairperson or a person authorised by him in writing and communicated to the Stock Exchanges.
- iv) Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the AGM i.e. Friday, September 24, 2021.

22. Other Instructions:

- i) Mr. P.S. Dua, Practicing Company Secretary, (Membership No. 4552, COP No. 3934), have been appointed as the Scrutinizer by the Board to scrutinize remote e-Voting process before the AGM as well as remote e-Voting during the AGM in a fair and transparent manner.
- ii) In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January,13,2021.
- iii) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting, by use of remote e-voting system for all those Members who are present during the AGM through VC/OAVM but have not cast their votes by availing the remote e-Voting facility.
- iv) The persons who have acquired shares and become members after the dispatch of the notice may send a request to the Company Secretary via e-mail at investor@montecarlocorporate.com for a copy of the Annual Report. The Annual Report is also available on the website of the Company.
- v) A person, who is not a Member as on the cut-off date i.e. Friday, September 17, 2021 should treat this Notice for information purposes only.
- vi) The Company has designated an exclusive e-mail ID i.e. investor@montecarlocorporate.com to enable the investors to register their complaints / send correspondence, if any.

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

(Annexed to the notice convening the Thirteenth Annual General Meeting to be held on Friday, September, 24, 2021)

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

ITEM NO. 5

The Board of Directors of the Company, upon the recommendation of Nomination and Remuneration Committee, appointed Dr. Roshan Lal Behl as an Additional Director (Independent) of the Company with effect from August 5, 2021. Pursuant to the provisions of Section 161 of the Companies Act, 2013 ("the Act"), Dr. Roshan Lal Behl shall hold office up to the date of this Annual General Meeting. The Board of Directors has recommended appointment of Dr. Roshan Lal Behl as an Independent Director, to hold office for 3 (Three) consecutive years for a term with effect from August 5, 2021.

Dr. Roshan Lal Behl, aged about 64 years holds an MBA degree (Financial Management) and Ph.D. (Corporate Disclosure Practices of Indian Companies). He has more than 39 years of experience in Teaching. He was former Principal of Sri Aurobindo College of Commerce and Management, Ludhiana and had also served as Director of Ludhiana Stock Exchange from Year 2012 to 2014. Considering his vast experience and knowledge, the Board is of the opinion that presence of Dr. Roshan Lal Behl on the Board will be of immense value to the Company.

The Company has received a notice in writing under Section 160 of the Act from a member, signifying intention to propose the candidature of Dr. Roshan Lal Behl for the office of Director. The Company has also received the following documents from Dr. Roshan Lal Behl – (a) declaration of independence; (b) consent to act as Director; and (c) declaration that he is not disqualified from being appointed as Director in terms of Section 164(2) of the Act. In the opinion of Board, Dr. Behl, fulfills the conditions for independence specified in the Act, the Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other laws / regulations for the time being in force, to the extent applicable to the Company.

In compliance with Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India, other details of Dr. Roshan Lal Behl whose appointment as an Independent Director is proposed at Item No. 5 is provided in the "Annexure-A" to the Notice.

A copy of the draft letter for the appointment of Dr. Roshan Lal Behl as an Independent Director setting out the terms and conditions is available for electronic inspection without any fee by the members. The Board seeks the approval of members for the appointment of Dr. Roshan Lal Behl as an independent director of the Company pursuant to Sections 149, 152 and other applicable provisions of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof) and his office shall not be liable to retire by rotation.

None of the Directors except Dr. Roshan Lal Behl, the appointee, Key Managerial Personnel or their relatives, in any way may be deemed to be concerned or interested financially or otherwise in the Resolution.

The Board recommends the Ordinary Resolution set out at Item no. 5 of the Notice for approval by the Members.

ITEM NO. 6

The Members of the company at the Annual General Meeting of the Company held on September 29, 2016 had re-appointed Sh. Jawahar Lal Oswal as Chairman and Managing Director of the Company for a period of 5 (five) years with effect from August 10, 2016 under the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, the present term of Sh. Jawahar Lal Oswal as Chairman and Managing Director comes to an end on August 9, 2021.

Therefore, the Board of Directors of the Company at its meeting held on August 5, 2021 has, subject to the approval of members re-appointed Sh. Jawahar Lal Oswal as Chairman and Managing Director for a further period of five years from the expiry of his present term with effect from August 10, 2021 on the terms and conditions as recommended by the Nomination and Remuneration Committee of the Board and approved by Board. It is proposed to seek member's approval for the re-appointment and remuneration payable to Sh. Jawahar Lal Oswal as Chairman and Managing Director.

Sh. Jawahar Lal Oswal aged 78 Years, is Chairman and Managing Director of the Company and is involved with the Company since its inception. He holds a Bachelor's Degree in Commerce. He has more than 55 years of experience in the textile and woollen industry. Presently Sh. Jawahar Lal Oswal is also serving as Chairman & Managing Director of Oswal Woollen Mills Limited and also holds the position of Chairman on the Board of various other Group Companies. He has

been awarded the 'Punjab Ratan' at the Punjab State Intellectual's Conference in 2003 by the All India Conference of Intellectuals, the 'Udyog Ratna Award' by the PHD Chamber of Commerce and Industry in 2005, the 'LMA-Sat Paul Mittal Life Time Achievement Award' by the Ludhiana Management Association in 2012 and the 'Achievers of the North' by the Economic Times in 2013. Taking into consideration the rich experience, expertise and invaluable contributions of Sh. Jawahar Lal Oswal, the Board is of opinion that he is best suited for the said position. Accordingly, it will be in the best interest of the Company to retain him in his present role as Chairman & Managing Director of the company for another term of five years.

In accordance with the provisions of Section 196 and Schedule V of the Companies Act, 2013 (the 'Act'), (a) that no Company shall appoint a person who has attained the age of 70 years, as Managing Director, Whole-time Director or Manager unless his appointment is approved by a special resolution ; and (b) where a person is managerial person in more than one companies, he shall draw remuneration from one or both the companies provided the total remuneration drawn from the companies does not exceed the higher maximum limit admissible from any of the companies of which he is the managerial person. As Sh. Jawahar Lal Oswal (a) has attained the age of seventy years and also satisfies all the related conditions of the section, it is intended to seek approval of the Members by way of special resolution, for his re-appointment as Chairman and Managing Director in compliance with the relevant provisions of the Act; and (b) is also the Chairman and Managing Director of your company and Oswal Woollen Mills Limited, he shall be eligible to draw remuneration from both the companies and the total remuneration drawn from the companies shall not exceed the higher maximum limit admissible from any one of the companies.

Sh. Jawahar Lal Oswal has also furnished the consents/declarations for his re-appointment as required under the Act, Rules and SEBI Listing Regulations. He satisfies all the conditions as set out in Part I of Schedule V and is not disqualified in terms of Section 164 of the Act. Further, In compliance with Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India, other details of Sh. Jawahar Lal Oswal whose appointment is proposed at Item No. 6 is provided in the "Annexure-A" to the Notice.

Except Sh. Jawahar Lal Oswal, the appointee, Sh. Sandeep Jain, Smt. Ruchika Oswal, Smt. Monica Oswal and Sh. Rishabh Oswal are related to Sh. Jawahar Lal Oswal and therefore deemed to be interested in the resolution proposed in regards to his re-appointment. None of the other Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the proposed resolution as set out at Item No. 6 of the notice with regard to his re-appointment

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

ITEM NO. 7

The Members of the company at the Annual General Meeting of the Company held on September 29, 2016 had re-appointed Smt. Ruchika Oswal as Executive Director of the Company for a period of five years with effect from August 10, 2016 under the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, the present term of Smt. Ruchika Oswal as Executive Director comes to an end on August 9, 2021.

Therefore, the Board of Directors of the Company at its meeting held on August 5, 2021 has, subject to the approval of members re-appointed Smt. Ruchika Oswal as Executive Director of the Company for a period of Five years with effect from August 10, 2021 on the terms and conditions as recommended by the Nomination and Remuneration Committee of the Board and approved by Board. It is proposed to seek member's approval for the re-appointment and remuneration payable to Smt. Ruchika Oswal as Executive Director of the Company.

Smt. Ruchika Oswal holds a Bachelor's Degree in Commerce and has more than 21 years of experience in the field of Garment Manufacturing, Designing & Administration. Previously, she has worked with Oswal Woolen Mills and has joined the Board of the Company with effect from August 30, 2010. She has been instrumental in taking the Company from strength to strength to its present position.

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

Smt. Ruchika Oswal has also furnished the consents/declarations for her re-appointment as required under the Act, Rules and SEBI Listing Regulations. She satisfies all the conditions set out in Part-I of Schedule V to the Act and is not disqualified under sub-section (3) of Section 196 read with Section 164 of the Act for being appointed as such. Further, in compliance with Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of

India, other details of Smt. Ruchika Oswal whose appointment is proposed at Item No. 7 is provided in the "Annexure-A" to the Notice.

Except Smt. Ruchika Oswal, the appointee, Sh. Jawahar Lal Oswal, Sh. Sandeep Jain, Smt. Monica Oswal and Sh. Rishabh Oswal are related to Smt. Ruchika Oswal and therefore deemed to be interested in the resolution proposed in regards to her re-appointment. None of the other Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the proposed resolution as set out at Item No. 7 of the notice with regard to her re-appointment

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

ITEM NO. 8

The Members of the company at the Annual General Meeting of the Company held on September 29, 2016 had re-appointed Smt. Monica Oswal as Executive Director of the Company for a period of five years with effect from August 10, 2016 under the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, the present term of Smt. Monica Oswal as Executive Director comes to an end on August 9, 2021.

Therefore, the Board of Directors of the Company at its meeting held on August 5, 2021 has, subject to the approval of members re-appointed Smt. Monica Oswal as Executive Director of the Company for a period of Five years with effect from August 10, 2021 on the terms and conditions as recommended by the Nomination and Remuneration Committee of the Board and approved by Board. It is proposed to seek member's approval for the re-appointment and remuneration payable to Smt. Monica Oswal as Executive Director of the Company.

Smt. Monica Oswal holds a Bachelor's Degree in Commerce and has more than 21 years of experience in the field of Retail, Branding and Advertisement. Due to her dynamism and relentless efforts, the company has achieved new higher heights in field of retail sales and cost savings. Previously, she has worked with Oswal Woolen Mills as CEO – Retail and thereafter, joined the Board of the Company with effect August 30, 2010.

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

Smt. Monica Oswal has also furnished the consents/declarations for her re-appointment as required under the Act, Rules and SEBI Listing Regulations. She satisfies all the conditions set out in Part-I of Schedule V to the Act and is not disqualified under sub-section (3) of Section 196 read with Section 164 of the Act for being appointed as such. Further, In compliance with Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India, other details of Smt. Smt. Monica Oswal whose appointment is proposed at Item No. 8 is provided in the "Annexure-A" to the Notice.

Except Smt. Monica Oswal, the appointee, Sh. Jawahar Lal Oswal, and Smt. Ruchika Oswal who are related to Smt. Monica Oswal and therefore deemed to be interested in the resolution proposed in regards to the re-appointment of Smt. Monica Oswal. None of the other Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the proposed resolution as set out at Item No. 8 of notice with regard to her appointment.

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

Place: Ludhiana

Date: 05.08.2021

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

**Ankur Gauba
(Company Secretary)
ICSI MEMBERSHIP NO. FCS-10577**

Annexure-A

Details of the Directors pursuant to Regulations 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India, as applicable

Names	Sh. Dinesh Gogna		Dr. Roshan Lal Behl						
Designation	Non-Executive Director		Independent Director						
Date of birth/ age	07.07.1953/ 67 Years		28.01.1957/ 64 Years						
Date of appointment	01.07.2008		05.08.2021						
Qualification	Bachelor's Degree in Law, Completed the United States Money and Capital Market Seminar conducted by New York Institute of Finance.		M.Com, MBA (Financial Management) and Ph.D (Corporate Disclosure Practices of Indian Companies)						
Experience	More than 41 years of experience in the field of Corporate Finance and Taxation.		More than 39 years of experience in teaching.						
Terms of appointment	Liable to retire by rotation		Three Years						
Remuneration for the Financial Year 2020-21:	₹1,00,000 (Sitting Fees for Board Meetings attended)		Nil						
Disclosure of relationship:	Sh. Dinesh Gogna is not related to any Director(s) and Key Managerial Personnel of the Company.		Dr. Roshan Lal Behl is not related to any of the Directors and Key Managerial Personnel of the Company.						
Shareholding:	2000 Equity Shares		Nil						
No. of Board Meetings attended during the year:	4		N.A.						
Directorships in other Listed Companies as on March 31, 2021:	Nahar Spinning Mills Limited, Nahar Industrial Enterprises Limited, Nahar Capital And Financial Services Limited, Nahar Poly Films Limited and Oswal Leasing Limited		Nahar Spinning Mills Limited, Nahar Industrial Enterprises Limited, Nahar Capital & Financial Services Limited						
Chairman/ Member of Committees of other Listed Companies as on March 31, 2021:	Name of the Company	Name of the Committee	Designation	Name of the Company	Name of the Committee	Designation			
	Nahar Spinning Mills Limited	Audit Committee	Member	Nahar Spinning Mills Limited	Risk Management Committee	Member			
		Share Transfer Committee	Member	Nahar Industrial Enterprises Limited	Audit Committee	Member			
		Corporate Social Responsibility Committee	Member		Nomination & Remuneration Committee	Member			
	Nahar Industrial Enterprises Limited	Audit Committee	Member	Nahar Capital & Financial Services Limited	Nomination & Remuneration Committee	Member			
		Corporate Social Responsibility Committee	Member						
	Nahar Capital & Financial Services Limited	Share Transfer Committee	Member						
		Corporate Social Responsibility Committee	Member						
	Nahar Poly Films Limited	Share Transfer Committee	Member						
		Corporate Social Responsibility Committee	Member						
		Audit Committee	Member						
		Stakeholders Relationship Committee	Member						

Names	Sh. Rishabh Oswal	Sh. Jawahar Lal Oswal
Designation	Executive Director	Chairman & Managing Director
Date of birth/ age	13.01.1992/ 29 Years	01.10.1943/ 78 Years
Date of appointment	01.06.2018	10.08.2011
Qualification	B.A. (Hons.) in Management Studies from University of Nottingham, UK and PGP MFAB, Executive MBA from the prestigious Indian School of Business, Hyderabad.	Bachelor's Degree in Commerce
Experience	More than 8 years of experience in the field of manufacturing, e-commerce and administration.	More than 55 years of experience in the Textile and Woollen Industry.
Terms of appointment	Liable to retire by rotation	Five Years
Remuneration for the Financial Year 2020-21:	₹122.71 Lakhs	₹173.24 Lakhs
Disclosure of relationship:	Sh. Rishabh Oswal is the Grandson of Sh. Jawahar Lal Oswal and nephew of Smt. Ruchika Oswal and Smt. Monica Oswal.	Sh. Jawahar Lal Oswal is Father of Smt. Ruchika Oswal and Smt. Monica Oswal, Executive Directors of the Company and Father in law of Sh. Sandeep Jain, Executive Director of the Company. He is not related to any of the other Director and Key Managerial Personnel of the Company.
Shareholding:	500 Equity Shares	1,20,059 Equity Shares
No. of Board Meetings attended during the year:	4	4
Directorships in other Listed Companies as on March 31, 2021:	NIL	Nahar Spinning Mills Limited, Nahar Industrial Enterprises Limited, Nahar Capital & Financial Services Limited and Nahar Poly Films Limited.
Chairman/ Member of Committees of other Listed Companies as on March 31, 2021:	NIL	NIL

Names	Smt. Ruchika Oswal	Smt. Monica Oswal
Designation	Executive Director	Executive Director
Date of birth/ age	25.02.1972/ 49 Years	25.02.1972/ 49 Years
Date of appointment	10.08.2016	10.08.2016
Qualification	Bachelor's Degree in Commerce	Bachelor's Degree in Commerce
Experience	More than 21 years of experience in the field of Garment Manufacturing, Designing & Administration.	More than 21 years of experience in the field of Retail Marketing and Branding.
Terms of appointment	Five Years	Five Years
Remuneration for the Financial Year : 2020-21	₹95.53 Lakhs	₹95.43 Lakhs
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 Director 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:	5,15,838 Equity Shares			5,15,837 Equity Shares		
No. of Board Meetings attended during the year:	4			4		
Directorships in other Listed Companies as on March 31, 2021:	NIL			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 Committee	Member
					Stakeholders Relationship	Member
					Nomination and Remuneration Committee	Member
					Share Transfer Committee	Member

Place: Ludhiana
Date: 05.08.2021

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

**Ankur Gauba
(Company Secretary)
ICSI MEMBERSHIP NO. FCS-10577**

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Thirteenth (13th) Annual Report of the business and operations of the Company along with the Audited Financial Statements for the financial year ended on March 31, 2021.

1. FINANCIAL RESULTS

The Company's financial performance for the year under ended March 31, 2021 is summarized below:

(₹ In Lakhs)

PARTICULARS	Current Year 2020-2021	Previous Year 2019-2020
Revenue from operations	62,201.73	72,561.32
Other Income	2,017.07	1,151.79
Total Revenue from operations & other income	64,218.80	73,713.11
Earnings before Interest, Depreciation & Tax (EBIDTA)	13,573.14	13,594.31
Depreciation & Amortization	3,420.03	3,340.38
Finance Cost	1,351.04	1,701.01
Profit before Tax (PBT)	8,802.07	8,552.92
Tax Expenses/ Adjustment		
1. Current Tax	2,393.68	2,337.82
2. Deferred Tax	(221.19)	(53.91)
Profit after Tax (PAT)	6,629.58	6,269.01
Other Comprehensive Income (net of tax)	298.84	(76.22)
Total Comprehensive Income	6928.42	6,192.79
Earnings Per Share (Rs) – Basic	31.98	30.24
Earnings Per Share (Rs) – Diluted	31.98	30.24

Note:

As mandated by the Ministry of Corporate Affairs, the financial statements for the year ended on March 31, 2021 has been prepared in accordance with the Indian Accounting Standards (IND AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016 notified under Section 133 of Companies Act, 2013 and other relevant provisions of the Act. The estimates and judgements relating to the Financial Statements are made on a prudent basis, to reflect in a true and fair manner, including profits and cash flows for the year ended March 31, 2021. The Notes to the Financial Statements adequately explain the Audited Statements.

2. PERFORMANCE REVIEW

• BUSINESS OUTLOOK

Monte Carlo Fashions continues with its endeavour to build a leading branded apparel company and has a well-diversified product offering across different product categories such as Cottons, Woollens, Kids and Home Furnishing. Under cotton segment, apart from jackets and coats, we also produce T-shirt, Shirts, Denims, Trousers, Suits, and different other garments. The ability to tap varied segments of the market provides the Company with tremendous opportunities for growth in coming years. The Company's key strength is wide and growing distribution network with a diversified presence across India. Your Company has witnessed huge demand coming through online channels and the Company is looking to build on this growth with a focus on increasing contribution from own portals.

The Company's growth strategy is to focus more on Cotton & Cotton-blended apparel catering to all seasons and expansion of our retail distribution network. While the Company already have pan-India presence, we are looking to penetrate further in the western and southern regions of India. Your Company continues to enjoy a comfortable net cash position, and with adequate banking limits in place, its ability to service debts and financing obligations on time remains unaffected. Healthy credit terms with the suppliers helps the Company to operate the business smoothly. Your Company can sustain robust growth without any significant Capital Expenditure and is fully geared to withstand the challenges as the situation unfolds on the back of its financial and operational strengths.

• **PRODUCTION AND SALES REVIEW**

During the year under review, your company has witnessed a decline in revenue of around 14.28%. The production of the company has been decreased to 2,729,576 pcs from 3,571,110 pcs during the year 2020-21, showing an decrease of 30.83%, due to the nation-wide lockdown imposed by the State and Central Governments in light of the covid-19 pandemic. The revenue from operations stood at ₹ 62,201.73 Lakhs from ₹ 72,561.32 Lakhs achieved last year.

• **PROFITABILITY**

The Company's earnings before depreciation, interest and tax for the current year is ₹13,573.14 Lakhs as against ₹ 13,594.31 Lakhs achieved last year. After providing for deprecation of ₹ 3,420.03 Lakhs (previous year ₹3,340.38 Lakhs), finance cost of ₹ 1,351.04 Lakhs (previous year ₹ 1701.01 Lakhs), provision for current tax of ₹ 2,393.68 Lakhs (previous year ₹ 2,337.82 Lakhs), provision for deferred tax (₹ 221.19) Lakhs (previous year (₹ 53.91 Lakhs), the Net Profit from the operations increased to ₹6,629.58 Lakhs as compared to ₹ 6,269.01 Lakhs achieved last year. The other income of the Company for the said Financial Year stood at ₹ 2,017.07 Lakhs.

• **RESOURCES UTILISATION**

A) **Fixed assets**

The Net Block as at March 31, 2021 was at ₹ 14,926.86 Lakhs as compared to ₹ 15,178.03 Lakhs in the previous year.

B) **Current assets**

The current assets as on March 31, 2021 were at ₹ 67,924.61 Lakhs as against ₹ 61,334.10 Lakhs in the previous year.

• **FINANCIAL CONDITION & LIQUIDITY**

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

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

PARTICULARS	2020-21	2019-20
Cash and Cash Equivalents		
Beginning of the year	134.43	3,265.54
End of the year	44.46	134.43
Net Cash generated (used) by:		
Operating activities	11,210.91	3,655.40
Investing activities	(8,219.96)	(3,034.45)
Financial activities	(3,080.92)	(3,752.06)

• **IMPACT OF COVID-19**

In December, 2019, the COVID-19 pandemic created a world crisis. To control the impact of the pandemic the Government of India declared a nationwide lock-down w.e.f. March 24, 2020, of all economic activities, which adversely impacted the economy and business operations of the Company significantly. The operations were resumed in the manufacturing units after taking requisite permissions from Government authorities from April 21, 2021. Your Company's management and employees worked very hard to minimise the impact and ensured that Company's unit's were operated safely and requirements of the customers were met.

The extraordinary efforts minimised the impact on Company's performance. The loss of contribution and margins during that period were mitigated by taking various measures to control the costs and reducing operating and fixed expenses. The Company has been organising Vaccination camps to provide free doses of vaccine to the employees. The Company continues to monitor the situation of COVID -19 at all locations and operating in line with the guidelines / instructions issued by the Central / State Government from time to time for health and safety of the employees. The Detailed information of the Impact of COVID-19 has been included under the Management Discussion & Analysis report forming part of this Annual Report.

3. **SHARE CAPITAL**

The Authorized Share Capital of your Company as at March 31, 2021 stands at ₹250,000,000 divided into 25,000,000 Equity Shares of ₹ 10/- each. As at March 31, 2020, the Issued, Subscribed and Paid-up Equity Share Capital of the Company stood at ₹ 207,320,640 divided into 20,732,064 Equity Shares of ₹ 10/- each.

There was neither any issue of Equity shares with differential rights as to dividend, voting or otherwise nor grant of any stock options or sweat equity under any scheme during the year under review. As on March 31, 2021, none of the Directors of the Company was holding any instrument convertible into Equity Shares of the Company.

4. DIVIDEND

Based on the Company's performance, wherein, it has earned a Net Profit of ₹ 6,269.01 Lakhs, your Board recommends a dividend of ₹ 15/- per Equity Share of ₹10/- each (i.e 150%) 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 ₹ 3109.81 Lakhs.

The dividend once approved by the Shareholders will be payable to those members whose name appear in the Register of members as on the record date. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 18, 2021 to Friday, September 24, 2021 (both days inclusive) and the record date will be Friday, September 17, 2021 for the purpose of payment of dividend for the financial year 2020-2021.

DIVIDEND DISTRIBUTION POLICY:

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Board has formulated and adopted the Dividend Distribution Policy on May 14, 2021. The Policy is available on the website of the Company at <https://www.montecarlocorporate.com/investor-relation/policies-code>

5. TRANSFER TO RESERVES

The General Reserve of the Company stood at ₹38,086.51 Lakhs as at 31.03.2021

6. SUBSIDIARY, JOINT VENTURES OR ASSOCIATE COMPANIES

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

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

There are no material changes or commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company i.e. March 31, 2021 and the date of this report

8. REPORTING OF FRAUDS:

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

9. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNELS

As on March 31, 2021, 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.

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

Directors:

There is no change in the Board of Directors of the Company during Financial Year 2020-2021.

A) Independent Directors:

• **Appointment of Independent Director :**

The Board of Directors upon the recommendation of Nomination and Remuneration Committee has appointed Dr. Roshan Lal Behl (DIN: 06443747), as Additional Director in the category of Independent Director w.e.f August 5, 2021. Dr. Roshan Lal Behl, being Additional Director, holds the office of Director till the date of forthcoming Annual General Meeting. The Company has duly received a notice in writing under Section 160 of the Act from a member, signifying intention to propose his candidature for the office of Director of the Company in the ensuing Annual General Meeting. Further, the appointment of Dr. Roshan Lal Behl as Independent Director of the Company requires approval of shareholders in the ensuing Annual General Meeting. The Nomination & Remuneration Committee and Board of Directors have recommended the appointment of Dr. Roshan Lal Behl as an Independent Director of the Company. In terms of Rule 8(5)(iii)(a) of the Companies (Accounts) Rules, 2014, the Board of Directors of the Company are of opinion that Dr. Roshan Lal Behl possesses relevant expertise, integrity and experience requisite to be appointed as an Independent Director.

• **Resignation of Independent Director :**

The Board of Directors in its meeting held on August 5, 2021 has accepted the resignation tendered by Sh. Paurush Roy (DIN: 03038347) as Independent Director of the Company, due to pre-occupation and personal circumstances. Sh. Roy has confirmed that there are no material reasons for his resignation, other than those mentioned in his

resignation letter. The Board placed on record the valuable services rendered by Sh. Paurush Roy during his tenure and expressed its deep sense of appreciation and gratitude for the same.

Declaration of independence from Independent Directors

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

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

B) Women 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 has 3 (Three) Women Directors on the Board namely Smt. Ruchika Oswal (DIN:00565979), Smt. Monica Oswal (DIN:00566052) and Dr. Manisha Gupta (DIN:06910242).

C) Managing Director / Executive Director(s)

• **Re-appointment of Chairman & Managing Director**

At the 8th AGM of the Company, Sh. Jawahar Lal Oswal was appointed as Chairman & Managing Director, for a period of five years with effect from August 10, 2016. Considering the wealth of experience and expertise of Sh. Jawahar Lal Oswal, who has already attained the age of 70 years, the Nomination & Remuneration Committee and the Board of Directors had recommended his re-appointment as Chairman & Managing Director, for a period of five years with effect from August 10, 2021, subject to the approval of the members in the ensuing Annual General Meeting (AGM).

• **Re-appointment of Executive Directors**

At the 8th AGM of the Company, Smt. Ruchika Oswal and Smt. Monica Oswal were appointed as Executive Directors of the Company for a period of five years w.e.f 10.08.2016. Considering their valuable contribution to the growth of the Company during their tenure, the Nomination and Remuneration Committee and the Board of Directors had recommended their re-appointment as Executive Directors, for a period of five years with effect from August 10, 2021, subject to the approval of the members in the ensuing Annual General Meeting (AGM).

D) Retirement by Rotation

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Sh. Rishabh Oswal (DIN: 03610853), Executive Director and Sh. Dinesh Gogna (DIN: 00498670), Director of the Company, being longest in the office since their last appointments/ re-appointments, shall retire at the forthcoming Annual General Meeting and being eligible offers themselves for re-appointment, on the same terms and conditions on which they were appointed/ re-appointed.

In compliance with Regulation 36 of Listing Regulations and Secretarial Standard-2 on General Meetings, brief resumes of all the Directors proposed to be appointed / re-appointed are attached along with the Notice calling the ensuing Annual General Meeting.

E) Details of Familiarisation Programme:

The details of the programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model and related matters are posted on the website of the Company at <https://www.montecarlocorporate.com/Pdfs/Familiarization%20program%202020-211627882560.pdf>

F) Key Managerial Personnel (KMP's)

The following persons are the Key Managerial Personnel (KMP's) of the Company as on March 31, 2021 in terms of provisions of Section 203 of the Companies Act, 2013 and rules made there under:

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

10. NUMBER OF BOARD MEETINGS HELD

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

During the Financial Year 2020-2021, the Board met on 4 (Four) occasions viz. June 24, 2020; August 07, 2020; November 06, 2020 and February 08, 2021. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

11. COMMITTEES OF THE BOARD

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

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders Relationship Committee;
4. Corporate Social Responsibility Committee;
5. Share Transfer Committee and
6. Risk Management 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.

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 notification dated 05.05.2021, it is mandated for top one thousand listed based on their market capitalization to constitute Risk Management Committee. Complying with the same, the Risk Management Committee is constituted by the Board of Directors in their meeting held on May 14, 2021.

12. ANNUAL BOARD EVALUATION

In line with the provisions of the Companies Act, 2013 and SEBI Guidance Note on Board evaluation issued on January 5, 2017 read with relevant provisions of the SEBI Listing Regulations, 2015, the Board has carried out an annual evaluation of the Directors individually, of the Chairman and of the Board as a whole. The performance of the Directors was evaluated through a separate meeting of the Independent Directors. The Board evaluated the effectiveness of its functioning, that of the Committees and of individual Directors, after taking feedback from the Directors and committee members.

A separate meeting of Independent Directors was held on November 6, 2020, to review the performance of Non-Independent Directors', performance of the Board and Committee as a whole and performance of the Chairman of the Company, taking into account the views of Executive Directors and the Non-Executive Directors. The performance of the Independent Directors was evaluated by the entire Board except the person who is being evaluated, in their meeting held on May 14, 2021.

14. PUBLIC DEPOSIT

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

15. INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

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

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

16. BUSINESS RISK MANAGEMENT

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

17. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

The Company was required to spend ₹179.61 Lakhs on account of its liability towards Corporate Social Responsibility (CSR) for the Financial year 2020-21 and the Company has fulfilled its entire CSR obligation by donating ₹ 179.61 Lakhs to Oswal Foundation, thus complying with the provisions of section 135 of the Companies Act, 2013.

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

18. 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 the website of the Company at following link: <https://www.montecarlocorporate.com/investor-relation/policies-code>

As mandated by proviso to Section 178(4) of the Companies Act, 2013, salient features of Nomination and Remuneration Policy is annexed as **Annexure- B** hereto and forms part of this report.

19. 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 annexed as **Annexure-C**. Further there are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large.

Prior approval of the Audit Committee was also obtained for all the transactions entered into during the year 2020-21 by the Company with its Group Companies. The details of all the related party transactions were placed before the Audit Committee and Board for its consideration and ratification on quarterly basis.

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

Your Company has framed a Policy on Related Party Transactions for purpose of identification and monitoring of such transactions in line with the requirements of the Companies Act, 2013 and Listing Regulations and the said policy is available at website of the company at link: <https://www.montecarlocorporate.com/investor-relation/policies-code>.

20. PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS

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

21. EXTRACTS OF ANNUAL RETURN

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the Annual Return for FY 2020-21 is available on the website of the Company and can be accessed under section "Annual Returns" at link: <https://www.montecarlocorporate.com/investor-relation/shareholding-information>

22. INSURANCE

Your Company has taken adequate comprehensive insurance policy for its assets against foreseeable perils like fire, flood, public liability, marine, etc. The Company has also taken Directors and Officers Liability insurance policy.

23. INTERNAL CONTROL SYSTEM & ITS ADEQUACY

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

24. CORPORATE GOVERNANCE

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

25. AUDITORS

Statutory Auditors & Auditor's Report

The Members of the company in the 12th Annual General Meeting (AGM) held on September 28, 2020 has appointed M/s Walker Chandok & Co. LLP (Firm Registration No: 001067N / N500013), as Statutory Auditors for a period of 2 years i.e. from the conclusion of ensuing Annual General Meeting till the conclusion of 14th Annual General Meeting of the Company. Their appointment was not subject to ratification by the Members at every subsequent AGM as pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 7, 2018, the requirement of seeking ratification by the Members for the appointment of the Statutory Auditors every year has been withdrawn from the Statute. Therefore, no resolution seeking ratification by the Members for continuance of their appointment has been proposed at this AGM. The Statutory Auditors have confirmed that they are not disqualified from continuing as Auditors of the Company

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

The Board upon recommendation of the Audit Committee has appointed M/s. P.S. Dua & Associates, Company Secretaries (CP No. 3934), as Secretarial Auditor of the Company to conduct Secretarial Audit for the Financial Year 2020-21, in terms of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

Cost Auditor

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

26. LISTING OF EQUITY SHARES

The Equity Shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and the listing fees for the Financial Year 2020-2021 have been duly paid to both the Stock Exchanges.

27. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has formulated a Vigil Mechanism/ Whistle blower Policy to encourage employees to report matters

about unethical behaviour, actual or suspected fraud or violation of Company's code of conduct without the risk of subsequent victimisation and discrimination. The details of the same are explained in the Corporate Governance Report and the said policy is also available on the website of the Company at link: <https://www.montecarlocorporate.com/investor-relation/policies-code>

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

The Company has adopted a policy against sexual harassment and constituted an Internal Compliant Committee in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. During the Financial Year 2020-21 the Company has not received any complaints on the same and hence, no complaint was pending as at March 31, 2021.

29. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

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

30. BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report ("BRR") for the year under review, as stipulated under 34(2)(f) of the SEBI Listing Regulations to be submitted by top 1,000 listed entities based on their market capitalisation as on March 31, 2021, is presented separately and forms part of this Annual Report.

31. CORPORATE GOVERNANCE :

Your Company is committed to adhere to the best practices & highest standards of Corporate Governance. It is always ensured that the practices being followed by the Company are in alignment with its philosophy towards corporate governance. In your Company, prime importance is given to reliable financial information, integrity, transparency, fairness, empowerment and compliance with law in letter & spirit. Your Company proactively revisits its governance principles and practices as to meet the business and regulatory needs.

The Company has complied with the Corporate Governance Code as stipulated under the Listing Regulations. The Report on Corporate Governance in accordance with Rules 34(3) read with para C of Schedule V of SEBI (LODR) Regulations, 2015 forms integral part of this Report. The requisite certificate from the Practicing Company Secretary confirming compliance with the conditions of corporate governance is attached to the Report on Corporate Governance.

32. NO DEFAULT

The Company has not defaulted in payment of interest and/ or repayment of loans to any of the financial institutions and/ or banks during the year under review.

33. 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 as Annexure-E hereto and forms part of this report.

34. 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 hereto and forms part of this report.

35. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

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

36. 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.

37. 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, 2021, 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.

38. GENERAL DISCLOSURES

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

1. Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
2. Transfer of unclaimed / unpaid dividend to Investor Education and Protection Fund.
3. Change in nature of Business of Company
4. No application has been made under the Insolvency and Bankruptcy Code; hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year alongwith their status as at the end of the financial year is not applicable; and
5. The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, is not applicable

39. 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.

Place: Ludhiana

Date: 05.08.2021

For and on behalf of Board of Directors

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 2020-21:

1. **Brief Outline on CSR Policy of the Company:**

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 Aug 6, 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 CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Sh. Jawahar Lal Oswal	Chairman	2	2
2.	Sh. Dinesh Gogna	Member	2	2
3.	Sh. Suresh Kumar Singla	Member	2	2

3. **Provide the web-links where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:** <https://montecarlocorporate.com/Pdfs/Composition%20of%20committee1584181071.pdf> and <https://www.montecarlocorporate.com/investor-relation/policies-code>

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).**

The Company has been conducting internal impact assessments to monitor and evaluate its strategic CSR programs.

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set off for the financial year, if any (in Rs)
NIL			

6. **Average net profit of the company as per section 135(5):** ₹ 8980.66 Lakhs

7. (a) **Two percent of average net profit of the company as per section 135(5):** ₹ 179.61 Lakhs

(b) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** Nil

(c) **Amount required to be set off for the financial year, if any:** Nil

(d) **Total CSR obligation for the financial year (7a+7b-7c):** ₹ 179.61 Lakhs

8. (a) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer	Name of the Fund	Amount	Date of transfer
179.61 Lakhs	--	--	--	--	--

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project	Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
1	Mohan Dal Oswal Cancer Treatment and Research Foundation	Preventive Healthcare, eradicating, poverty and others	Yes	Punjab	Ludhiana	₹179.61 Lakhs	₹179.61 Lakhs	Nil	No	Oswal Foundation	CSR Registration number. CSR00000145

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹ Lakhs)	Mode of implementation on - Direct (Yes/No)	Mode of implementation Through implementing agency	
				State	District			Name	CSR Registration Number
Not Applicable									

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs 179.61 lakhs

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	NIL
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (In Rs)	Date of Transfer	
1.	2019-2020	--	--	--	--	--	--
2.	2018-2019	--	--	--	--	--	--
3.	2017-2018	--	--	--	--	--	--

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
NOT APPLICABLE								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): Not Applicable
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

Place: Ludhiana
Date: 05.08.2021

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

ANNEXURE B TO THE DIRECTORS REPORT
SALIENT FEATURES OF THE NOMINATION AND REMUNERATION POLICY

[as Per Proviso To Section 178(4) Of The Companies Act, 2013]

APPLICABILITY

This Policy is applicable to:

- a. Directors (Executive, Non-Executive and Independent)
- b. Key Managerial Personnel (KMP)
- c. Senior Management Personnel
- d. Other employees as may be decided by the Committee ("NRC")

OBJECTIVE

The Policy provides criteria for:

1. Determining qualifications, positive attributes and independence of a Director;
2. Performance evaluation of Independent Directors, non-independent Directors, Chairman and the Board;
3. Remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees, as may be decided by the Committee;

PROVISIONS RELATING TO REMUNERATION OF MANAGING DIRECTOR, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

The following are the guiding factors:

- The scope of duties, the role and nature of responsibilities;
- The level of skill, knowledge, experience, local factors and expectations of individual;
- The Company's performance, long term strategy and availability of resources;
- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMPs, Senior Management Personnel and other employees of the quality required to run the Company successfully; and
- Relationship of remuneration to performance is clear and meets appropriate performance benchmark;

PROVISIONS RELATING TO REMUNERATION OF NON-EXECUTIVE / INDEPENDENT DIRECTOR(S)

The following are the guiding factors:

- The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force and as decided by the Board from time to time.
- The Non-Executive/ Independent Director(s) may also receive remuneration / compensation / commission etc as per criteria/limit thereof prescribed under Companies Act, 2013 and rules made thereunder
- Any increase in the maximum aggregate remuneration payable beyond permissible limit under the Companies Act, 2013 shall be subject to the approval of the Shareholders', as may be applicable

EVALUATION

The evaluation will be done on following parameters:

1. Role which he/she is expected to play, internal Board Relationships to make decisions objectively and collectively in the best interest of the Company to achieve organizational successes and harmonizing the Board;
2. Attendance and contribution at Board and Committee meetings;
3. Subject expertise, skills, behavior, experience, leadership qualities, understanding of business and strategic direction to align company's values and standards;
4. Ability to monitor the performance of management and satisfy himself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders
5. Vision on Corporate Governance and Corporate Social Responsibility
6. Ability to create a performance culture that drives value creation and a high quality of discussions;
7. Effective decision making ability to respond positively and constructively to implement the same to encourage more transparency;
8. Open channels of communication with executive management and other colleague on Board to maintain high standards of integrity;
9. Contribution to enhance overall brand image of the Company

ANNEXURE-C TO THE DIRECTOR'S REPORT

FORM NO. AOC -2

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

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

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

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

- (a) Name(s) of the related party and nature of relationship: NotApplicable
- (b) Nature of contracts/arrangements/transactions: NotApplicable
- (c) Duration of the contracts/arrangements/transactions: NotApplicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NotApplicable
- (e) Justification for entering into such contracts or arrangements or transactions: NotApplicable
- (f) Date of approval by the Board: NotApplicable
- (g) Amount paid as advances, if any: NotApplicable
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: NotApplicable

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: NotApplicable
- (b) Nature of contracts/arrangements/transactions: NotApplicable
- (c) Duration of the contracts/arrangements/transactions: NotApplicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NotApplicable
- (e) Date(s) of approval by the Board, if any: NotApplicable
- (f) Amount paid as advances, if any: NotApplicable

For and on behalf of Board of Directors

**Place : Ludhiana
Date: 05.08.2021**

**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 31.03.2021

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2021 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - There was no Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings as per the information provided to us.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - b. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018-Not Applicable to the Company during the period under review.
 - c. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - d. Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018- Not Applicable to the Company during the period under review.
 - e. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- Not Applicable to the Company during the audit period.
 - f. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- Not Applicable to the Company during the audit period.
 - g. Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013- Not Applicable to the Company during the audit period.
 - h. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- ii. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act 2013 and dealing with client - Not applicable to the Company during the audit period.
- j. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable to the Company during the audit period.

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

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

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

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

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

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

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

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

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

**P.S. Dua
Proprietor**

**Place: Ludhiana
Date: 05.08.2021**

**(Membership No.: FCS 4552)
(Certificate of Practice No.: 3934)
UDIN:F004552C000742212**

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

Annexure A to Secretarial Audit Report

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

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

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

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

**Place: Ludhiana
Date: 05.08.2021**

**P.S. Dua
Proprietor
(Membership No.: FCS 4552)
(Certificate of Practice No.: 3934)
UDIN:F004552C000742212**

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

- The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2020-21, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21 are as under:

S. No.	Name & Designation of Director/KMP	Remuneration for F.Y. 2020-21 (₹ in Lacs)	% Age increase in the remuneration in the F.Y. 2020-21	Ratio of Remuneration to each director to median remuneration of employees
1.	Sh. Jawahar Lal Oswal Chairman & Managing Director	173.24	@	130.10
2.	Sh. Sandeep Jain Executive Director	200.38	0.52	150.49
3.	Smt. Ruchika Oswal Executive Director	95.53	3.75	71.74
4.	Smt. Monica Oswal Executive Director	95.43	(2.46)	71.67
5.	Sh. Rishabh Oswal Executive Director	122.71	7.07	62.98
6.	Sh. Dinesh Gogna Non Executive Director	1.00	\$	0.75
7.	Sh. Paurush Roy Non Executive Director	Nil*	N.A	N.A
8.	Sh. Ajit Singh Chatha Independent Director	0.75	\$	0.56
9.	Dr. Suresh Kumar Singla Independent Director	1.00	\$	0.75
10.	Dr. Manisha Gupta Independent Director	1.00	\$	0.75
11.	Dr. Amrik Singh Sohi Independent Director	0.50	\$	0.75
12.	Sh. Alok Kumar Misra Independent Director	1.00	\$	0.37
13.	Sh. Raj Kapoor Sharma Chief Financial Officer	18.82	(11.57)	14.13
14.	Sh. Ankur Gauba Company Secretary	7.43	(17.43)	5.58

@ Sh. Jawahar Lal Oswal was given only Commission for the financial year 2020-21.

*Details not given as no sitting fees was paid to Sh. Paurush Roy.

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

- The median remuneration of employees of the Company during the financial year was at ₹1.33 Lakhs.
- In the financial year, there was a decrease of 13.12% in the median remuneration of employees.
- There were 1,824 permanent employees on the rolls of Company as on March 31, 2021.
- Average percentage decrease made in the salaries of employees other than the managerial personnel in the last financial year 2020-21 was 16.30% whereas increase in the managerial remuneration for the same financial year was 1.15%. In view of economic condition impacted by COVID-19 Pandemic, there was a cut in remuneration of employees to express solidarity and conserve resources.
- 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 31.03.2021.

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

Name of Employees	Age in years	Designation	Qualification	Nature of Employment	Experience in Years	Date of Commencement of Employment	Remuneration (in ₹ Lakhs)	Last Employment Held
Sh. Sandeep Jain	49	Executive Director	Graduate	Full-time	27	01.08.2012	200.38	Oswal Woollen Mills Ltd.
Sh. Jawahar Lal Oswal	78	Managing Director	Graduate	Full-time	57	01.07.2008	173.24	Oswal Woollen Mills Ltd.
Sh. Rishabh Oswal	29	Executive Director	B.A.(Hons.), Executive MBA	Full-time	8	01.01.2015	122.71	Cotton County Retail Ltd.

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

Name of Employee	Age in years	Designation	Qualification	Nature of Employment	Experience in Years	Date of Commencement of Employment	Remuneration (in ₹ Lakhs)	Last Employment Held
Sh. Sandeep Jain	49	Executive Director	Graduate	Full-time	27	01.08.2012	200.38	Oswal Woollen Mills Ltd.
Sh. Jawahar Lal Oswal	78	Managing Director	Graduate	Full-time	57	01.07.2008	173.24	Oswal Woollen Mills Ltd.
Sh. Rishabh Oswal	29	Executive Director	B.A.(Hons.), Executive MBA	Full-time	9	01.01.2015	122.71	Cotton County Retail Ltd.
Smt. Monica Oswal	49	Executive Director	Graduate	Full-time	21	10.08.2011	95.43	Oswal Woollen Mills Ltd.
Smt. Ruchika Oswal	49	Executive Director	Graduate	Full-time	21	10.08.2011	95.53	Oswal Woollen Mills Ltd.
Sh. Sumit Agrawal	43	Head - Production/ (Non-Woolen)	Graduate	Full-time	23	20.12.2015	21.44	Creative Line International Pvt. Ltd.
Sh. Manish Chopra	43	Head - Production/ (Non-Woolen)	Graduate	Full-time	23	01.04.2011	21.15	Oswal Woollen Mills Ltd.
Sh. Vikas Jain	44	Head - Production/ (Woolen)	Graduate	Full-time	21	01.04.2011	18.98	Oswal Woollen Mills Ltd.
Sh. Vikas Sethi	51	Head-IT	B.E.(Computer Science Engineering)	Full-time	25	03.09.2018	18.91	HPCL Mittal Energy Ltd.
Sh. Alok Jain	49	Head-Production/ (C&D)	B.Com(Hons.), MBA	Full-time	29	04.02.2013	18.08	Duke Fashions (India) Ltd.

NOTES :

- Sh. Jawahar Lal is father of Smt. Ruchika Oswal and Smt. Monica Oswal and grandfather of Sh. Rishabh Oswal and father-in-law of Sh. Sandeep Jain and Smt. Ruchika Oswal is spouse of Sh. Sandeep Jain.
- 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.
- 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.
- None of the employee has drawn in excess of remuneration drawn by MD/ WTD and holds along with spouse and dependent children not less than 2% of the Equity Shares of the Company as on March 31, 2021.

For and on behalf of Board of Directors

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

Place: Ludhiana
Date : 05.08.2021

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 replaced the previous air cooled ac system with the water cooled chiller plant which is 15% to 20% more efficient as compared to old one.
 - Installation of energy efficient LED lights by replacing all conventional lights.
- (ii) The steps taken by the company for utilizing alternative source of energy;

In addition to the existing installed at the Registered Office, the Company has installed 100kw solar plant is installed Situated at Miller Ganj, Ludhiana.
- (iii) The capital investment on energy conservation equipment; Nil

B. TECHNOLOGY ABSORPTION:

- (i) The efforts made towards technology absorption;

The Company is already a pioneer in its line of trade and is always in the lookout for the latest technology around or abroad, and where suitable, adopts the best technology.
- (ii) The benefits derived as result of the above efforts:

It has helped the Company tremendously in development of new products, and keeping its leading position in the market.
- (iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year) following information may be furnished:

The company has not imported technology in the sense required under sub column 3 of the form in as much as it has not sought nor received any import license or foreign exchange for the import of technology alone.
- (iv) The expenditure incurred on Research & Development : Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

(Amount in ₹)		
Particular	2020-2021	2019-2020
i) Total Foreign Exchange outgo	486,502,554.00	558,051,638.45
ii) Total Foreign Exchange earned	Nil	Nil

For and on behalf of Board of Directors

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

Place: Ludhiana
Date : 05.08.2021

REPORT ON CORPORATE GOVERNANCE

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

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2021, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE REPORT

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

CODE OF BUSINESS CONDUCT & ETHICS

The Company has adopted a Code of Conduct and Business Ethics for Directors and Senior Management of the Company, as required under Regulation 17(5)(a) of the Listing Regulations. The Company has received confirmations from the Directors and Senior Management regarding compliance with the Code for the year ended 31st March, 2021. A certificate from the Managing Director to this effect is attached to this Report. The Code has been displayed on the Company's website www.montecarlocorporate.com.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

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

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

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

1. BOARD OF DIRECTORS

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

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

During the year under review, the Board met on 4 (Four) occasions viz. June 24, 2020; August 7, 2020; November 6, 2020 and February 08, 2021. The maximum gap between any two Board meetings was less than one hundred and twenty days.

A. The following table describes the composition and category of each director on the Board, their status, their attendance at the Board Meetings and the last Annual General Meeting together with the details of number of other directorships and Committee Membership(s)/ Chairmanship(s) of each Director as at March 31, 2021:

Name of the Director	Category of Director	No. of Board Meetings Attended	Attendance at AGM held on 28.09.2021	No. of Directorship ¹	No. of Committees ² in which Chairman/ Member	
					Chairman	Member ³
Sh. Jawahar Lal Oswal ⁴	Promoter, Chairman & Managing Director	4 of 4	Present	9	-	-
Sh. Sandeep Jain ⁴	Executive Director	4 of 4	Present	2	-	-
Smt. Ruchika Oswal ⁴	Promoter, Executive Director	4 of 4	Present	3	-	-
Smt. Monica Oswal ⁴	Promoter, Executive Director	4 of 4	Present	6	-	2
Sh. Rishabh Oswal ⁴	Executive Director	4 of 4	Present	7	-	-
Sh. Dinesh Gogna	Non Executive, Non Independent Director	4 of 4	Present	8	1	5
Sh. Paurush Roy	Non Executive Independent Director	4 of 4	Present	0	-	-
Sh. Ajit Singh Chatha	Non Executive Independent Director	3 of 4	Not Present	2	3	5
Dr. Suresh Kumar Singla	Non Executive Independent Director	4 of 4	Present	4	2	6
Dr. Manisha Gupta	Non Executive Independent Director	4 of 4	Present	6	1	2
Dr. Amrik Singh Sohi	Non Executive Independent Director	2 of 4	Not Present	3	1	3
Sh. Alok Kumar Misra	Non Executive Independent Director	4 of 4	Present	4	0	4

1. The number of directorships excludes directorship of Monte Carlo Fashions Limited, Private Companies, Foreign Companies and Companies incorporated under Section 8 of the Companies Act, 2013.
2. Chairmanship/ Membership of Committee only includes Audit Committee and Stakeholders Relationship Committee in Indian Public Limited Companies other than Monte Carlo Fashions Limited.
3. Number of memberships in Committees are inclusive of Chairmanship.
4. Smt. Ruchika Oswal and Smt. Monica Oswal are Daughters of Sh. Jawahar Lal Oswal, Sh. Sandeep Jain is related to Sh. Jawahar Lal Oswal being husband of Smt. Ruchika Oswal and Sh. Rishabh Oswal is grandson of Sh. Jawahar Lal Oswal.
5. Sh. Paurush Roy, Non-Executive Independent Director ceased to be director of the Company due to resignation w.e.f. August 5, 2021 and Dr. Roshan Lal Behl has been appointed by the Board of Directors in their meeting held on August 5, 2021.

B. The following table gives the names of the listed entities where the Directors of the Company are Directors and the Category of their respective directorship as on March 31, 2021:-

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

Name of the Director	Name of the listed companies in which the Director of the Company is a Director	Category of Directorship in the listed companies
Smt. Monica Oswal	Oswal Leasing Limited	Non-Executive Director
Sh. Dinesh Gogna	Nahar Industrial Enterprises Limited	Non-Executive Director
	Nahar Poly Films Limited	Non-Executive Director
	Nahar Spinning Mills Limited	Non-Executive Director
	Nahar Capital & Financial Services Limited	Non-Executive Director
	Oswal Leasing Limited	Non-Executive Director
Sh. Ajit Singh Chatha	Steel Strips Wheels Ltd.	Independent Director
	Indian Acrylics Limited	Independent Director
Dr. Suresh Kumar Singla	Nahar Industrial Enterprises Limited	Independent Director
	Nahar Poly Films Limited	Independent Director
	Nahar Spinning Mills Limited	Independent Director
	Nahar Capital & Financial Services Limited	Independent Director
Dr. Manisha Gupta	Nahar Poly Films Limited	Independent Director
	Nahar Spinning Mills Limited	Independent Director
	Nahar Industrial Enterprises Limited	Independent Director
	Nahar Capital & Financial Services Limited	Independent Director
Dr. Amrik Singh Sohi	Nahar Spinning Mills Limited	Independent Director
	Nahar Poly Films Limited	Independent Director
	Nahar Capital & Financial Services Limited	Independent Director
Sh. Alok Kumar Misra	Dewan Housing Finance Corporation Limited	Independent Director
	The Investment Trust of India Limited	Independent Director

C. SHAREHOLDING DETAILS OF DIRECTORS AS ON MARCH 31, 2021:

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

Name of Directors*	No. of Shares
Sh. Jawahar Lal Oswal	120059
Smt. Ruchika Oswal	515838
Smt. Monica Oswal	515837
Sh. Rishabh Oswal	500
Sh. Dinesh Gogna	2000

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

D. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:

The Company on appointment of an Independent Director, issues a formal Letter of Appointment setting out the terms of appointment, duties and responsibilities. The Company in terms of Regulation 25(7) of Listing Regulations, has also put in place a system to familiarize the Independent Directors of their roles, rights, responsibilities, nature of industry in which the Company operates, business model of the Company and the ongoing events relating to the Company. It aims to provide the Independent Directors an insight into the Company's functioning and to help them to understand its business in depth, so as to enable them to contribute significantly during the deliberations at the Board and Committee meetings. The details of Familiarization Programme imparted to Independent Directors during the year can also be accessed from the company's website at link: <https://www.montecarlocorporate.com/Pdfs/Familiarization%20program%202020-211627882560.pdf>

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

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

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

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

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

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

F. INDEPENDENT DIRECTORS CONFIRMATION BY THE BOARD

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

G. RESIGNATION OF INDEPENDENT DIRECTOR

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

H. DIRECTORS' DIRECTORSHIPS/COMMITTEE MEMBERSHIPS

The number of Directorships and Committee positions held by the Directors are in conformity with the limits laid down in the Companies Act, 2013 and Listing Regulations, as on March 31, 2021. As per Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 none of the directors were a member in more than ten committees, nor a chairman in more than five committees across all companies

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

I. BOARD MEETING PROCEDURES

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

J. INFORMATION SUPPLIED TO THE BOARD

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

2. COMMITTEES OF THE BOARD:

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

(A) Audit Committee:

The Audit Committee comprises of 5 (Five) members with the Chairman of the Committee being an Independent Director. During the year under review, the Audit Committee met on 4 (four) occasions viz. June 24, 2020; August 7 2020; November 6, 2020 and February 08, 2021 to deliberate on various matters. Not more than 120 days lapsed between any two consecutive meetings of the Audit Committee during the year. The necessary quorum was present at all the Meetings.

The composition of the Audit Committee as at March 31, 2021 and particulars of meetings attended by the members during the financial year 2020-21 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 Independent	4
3.	Sh. Dinesh Gogna	Member	Non-Executive	4
4.	Dr. Manisha Gupta	Member	Non-Executive Independent	4
5.	Dr. Alok Kumar Misra	Member	Non-Executive Independent	4

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

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

The Chairman of the Audit committee was present through Video- Conferencing mode at the last Annual General Meeting of the Company held on September 27, 2020 for addressing shareholders queries.

Terms of Reference

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

Power of the Audit Committee:

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

Role of the Audit Committee

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

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

(B) Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of 3 (three) members (all are Non Executive Directors) and the Chairman of the Committee is an Independent Director. During the year under review, the Committee met only one time on February 8, 2021; The necessary quorum was present at the meeting. The Company Secretary acts as the Secretary of the Committee. Dr. Suresh Kumar Singla, Chairman of the Audit Committee and Nomination and Remuneration Committee was present through video conferencing mode at the last Annual General Meeting of the Company for addressing shareholders queries.

The composition of the Nomination and Remuneration Committee as at March 31, 2021 and particulars of meetings attended by the members during the financial year 2020-21 are given hereunder:

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

TERMS OF REFERENCE:

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

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

PERFORMANCE EVALUATION:

In compliance with the requirements of the provisions of Section 178 of the Companies Act, 2013 and the listing regulations, the Company has devised a policy for performance evaluation of Independent Directors, Board,

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

REMUNERATION TO DIRECTORS:

The remuneration paid to Executive Directors is determined by the Nomination and Remuneration Committee subject to approval of Board that is subject to the limits laid down under Section 197 and Schedule V of the Companies Act, 2013 and in accordance with the terms of Appointment approved by the shareholders of the Company. The Non-Executive Directors have not been paid any remuneration except sitting fees for attending the Board Meetings. The details of remuneration paid to Directors during the Financial Year ended March 31, 2021 are as follows:

(Amount in ₹ Lacs)

Name of the Director	Salaries, perquisites and Allowances	Commission	Sitting fees	Total
Sh. Jawahar Lal Oswal*	-	173.24	-	173.24
Sh. Sandeep Jain	200.38	-	-	200.38
Smt. Ruchika Oswal	95.53	-	-	95.53
Smt. Monica Oswal	95.43	-	-	95.43
Sh. Rishabh Oswal	122.71	-	-	122.71
Sh. Dinesh Gogna	-	-	1.00	1.00
Sh. Paurush Roy**	-	-	-	NIL
Sh. Ajit Singh Chatha	-	-	0.75	0.75
Dr. Suresh Kumar Singla	-	-	1.00	1.00
Dr. Manisha Gupta	-	-	1.00	1.00
Dr. Amrik Singh Sohi	-	-	0.50	0.50
Sh. Alok Kumar Misra	-	-	1.00	1.00

* Only Commission was paid to Sh. Jawahar Lal Oswal.

** No remuneration/sitting fee was paid to Sh. Paurush Roy.

DIRECTORS WITH PECUNIARY RELATIONSHIP OR BUSINESS TRANSACTION WITH THE COMPANY:

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

CRITERIA FOR MAKING PAYMENTS TO DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

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

(C) Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of 3 (Three) members and the Chairman of the Committee is Sh. Dinesh Gogna, Non-Executive Director of the Company. During the year under review, Committee met on 4 (Four) occasions viz. June 24, 2020; August 7, 2020; November 6, 2020 and February 08, 2021. The necessary quorum was present at all the meetings. The Company Secretary of the Company acts as the Secretary of the Committee.

The Committee looks into various queries / issues relating to shareholders / investors including non-receipt of dividend, Annual Report etc., Mr. Ankur Gauba, Company Secretary is the Compliance Officer of the Company.

The composition of the Stakeholders Relationship Committee as at March 31, 2021 and particulars of meetings attended by the members during the financial year 2020-21 are given hereunder:

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

Terms of Reference

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

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

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

There were zero (0) Complaints/ Queries pending as at March 31, 2021 and during the financial year 2020-21, 1 (one) Complaints/ Queries were received and all were disposed off to the satisfaction of the Shareholders. No complaints remained unattended/ pending for more than thirty days. The Company has no share transfers/transmission pending as on March 31, 2021. Further, no shareholders complaint/ grievance were received under ‘SCORES’ during the Financial Year 2020-21.

(D) Corporate Social Responsibility Committee:

The Board has constituted Corporate Social Responsibility (CSR) Committee in compliance with the provisions of Section 135 of the Companies Act 2013, comprising Sh. Jawahar Lal Oswal as Chairman, Sh. Dinesh Gogna and Dr. Suresh Kumar Singla as members. The Committee met twice during the year viz., August 7, 2020; November 6, 2020 and all the members of the Committee were present on both the occasions.

Terms of Reference:

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

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per Schedule VII of Companies Act, 2013 (as amended);

- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- To monitor the CSR policy of the Company from time to time;
- Any other matter as the CSR Committee may deem subject to the approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

(E) Share Transfer Committee:

Share Transfer Committee has been constituted to expedite and streamline the process of transfer /transmission/ dematerialization/ re-materialization etc. of the Equity Shares of the Company. The Committee comprises of Sh. Jawahar Lal Oswal as Chairman, Sh. Sandeep Jain and Sh. Dinesh Gogna as members. During the year under review, committee met only once viz. August 07, 2020

Terms of Reference

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

The table below highlights the composition and attendance of the Members of the Committee as on March 31, 2021

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

(F) Independent Directors' Meeting

During the year under review, a separate meeting of Independent Directors was held on November 6, 2020, interalia:-

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

All the Independent Directors were present at the meeting.

3. SUBSIDIARY COMPANIES

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

4. GENERAL BODY MEETINGS:

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

Year	Day and Date	Time	Venue	No. of Special Resolutions
2019-2020	Monday, September 28, 2020	11.00 A.M.	Meeting was transacted through Electronic Mode. Deemed Venue:- Registered Office of the Company situated at B-XXIX-106, G. T. Road, Sherpur, Ludhiana-141003.	0
2018-2019	Friday, September 27, 2019	11.00 A.M.	Registered Office of the Company situated at B-XXIX-106, G. T. Road, Sherpur, Ludhiana-141003.	5
2017-2018	Thursday, September 27, 2018	11.00 A.M.	Registered Office of the Company situated at B-XXIX-106, G. T. Road, Sherpur, Ludhiana-141003.	1

B. POSTAL BALLOT/ EXTRA-ORDINARY GENERAL MEETING

No Postal Ballot/ Extra-ordinary General Meeting has been done by company during the Financial Year 2020-21

5. MEANS OF COMMUNICATION:

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

6. GENERAL SHAREHOLDER INFORMATION

13th Annual General Meeting: Friday, September 24, 2021 at 11:00 AM through VC/OAVM

Financial Year	:	April 1, 2020 to March 31, 2021
Date of Book Closure	:	September 18, 2021 to September 24, 2021
Dividend Payment Date	:	The Dividend if declared at AGM, will be paid within stipulated time
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 2021-2022. 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 2021-22.

- **Registrar & Share Transfer Agent:**

LINK INTIME INDIA PRIVATE LIMITED (DELHI OFFICE)

UNIT: MONTE CARLO FASHIONS LIMITED

Noble Heights, 1st floor, Plot No NH-2,

C-1 Block, LSC, Near Savitri Market,

Janakpuri, New Delhi – 110058

PH: 011-41410592, Fax: 011-41410591,

Email: delhi@linkintime.co.in

- **Share Transfer System:**

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

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

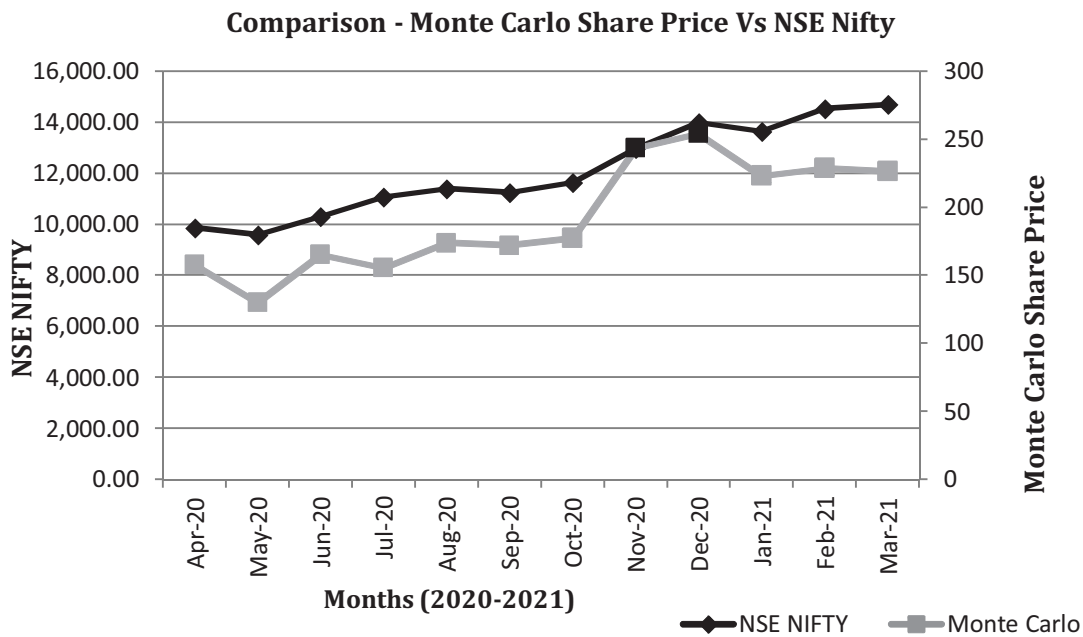
• **Market Price Data:**

Market Price Data of Company's Equity Shares traded on National Stock Exchange of India Limited, during the period April 1, 2020 to March 31, 2021:

Month	Share Price NSE			Volume	NSE NIFTY		
	High (₹)	Low (₹)	Closing (₹)	No. of Shares	High	Low	Closing
Apr-20	172.00	132.85	157.70	177854.00	9,889.05	8,653.90	9,859.90
May-20	156.95	125.55	129.85	543403.00	9598.85	8,806.75	9580.30
Jun-20	177.00	130.25	165.15	3455571.00	10553.15	9,544.35	10302.10
Jul-20	174.00	153.35	155.50	1115892.00	11341.40	10299.60	11073.45
Aug-20	201.05	154.00	173.65	2198669.00	11794.25	10882.25	11387.50
Sep-20	185.15	161.75	171.95	425064.00	11618.10	10790.20	11247.55
Oct-20	197.40	168.00	177.25	734061.00	12025.45	11347.05	11642.40
Nov-20	248.20	179.00	243.40	1835812.00	13145.85	11557.40	12968.95
Dec-20	277.80	218.00	254.10	2222492.00	14024.85	12962.80	13981.75
Jan-21	257.80	215.45	223.05	614182.00	14753.55	13596.75	13634.60
Feb-21	252.50	215.70	228.70	1677471.00	15431.75	13661.75	14529.15
Mar-21	240.00	207.10	226.25	1067440.00	15336.30	14264.40	14690.10

(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

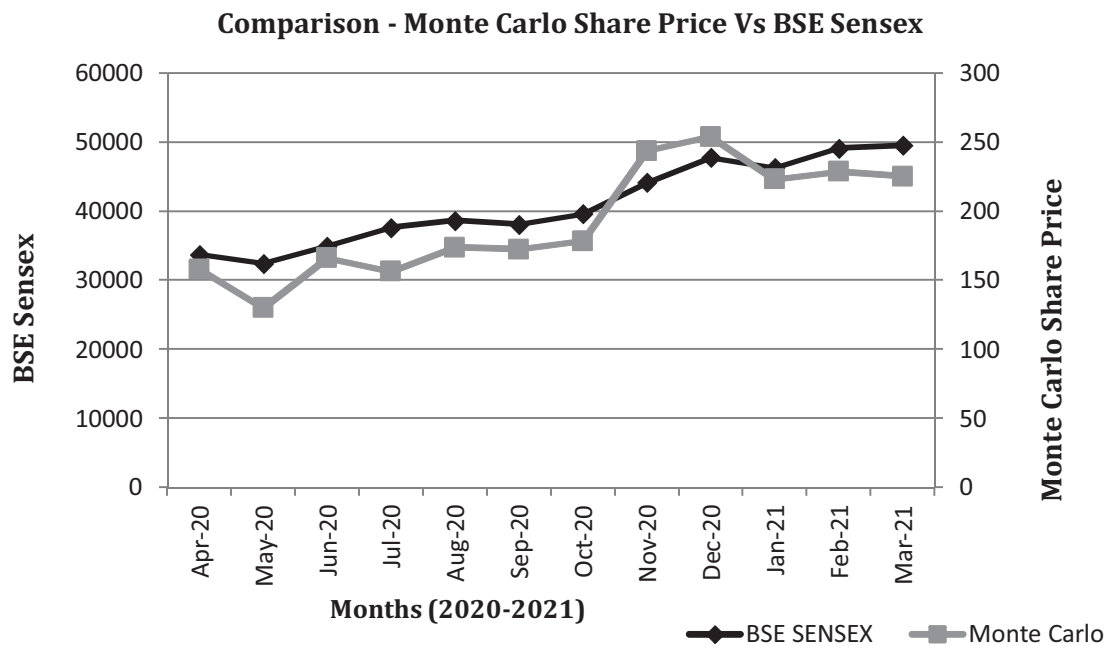


Market Price Data of Company's Equity Shares traded on BSE India Limited, during the period April 1, 2020 to March 31, 2021:

Month	Share Price BSE			Volume	BSE SENSEX		
	High (₹)	Low (₹)	Closing (₹)	No. of Shares	High	Low	Closing
Apr-20	188.00	134.50	157.95	12412.00	33887.25	27500.79	33717.62
May-20	155.95	128.00	129.85	42870.00	32845.48	29968.45	32424.10
Jun-20	180.00	130.25	166.00	398401.00	35706.55	32348.10	34915.8
Jul-20	173.25	153.50	156.40	131845.00	38617.03	34927.20	37606.89
Aug-20	200.00	154.00	173.75	248123.00	40010.17	36911.23	38628.29
Sep-20	184.75	155.00	172.40	45094.00	39359.51	36495.98	38067.93
Oct-20	197.40	170.30	178.25	65182.00	41048.05	38410.20	39614.07
Nov-20	247.40	178.85	243.60	219099.00	44825.37	39334.92	44149.72
Dec-20	278.00	217.90	253.85	239383.00	47896.97	44118.10	47751.33
Jan-21	257.50	215.70	223.15	74556.00	50184.01	46160.46	46285.77
Feb-21	251.65	215.60	228.60	1586771.00	52516.76	46433.65	49099.99
Mar-21	239.95	208.70	225.25	118160.00	51821.84	48236.35	49509.15

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

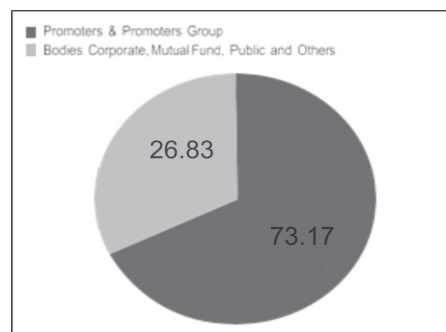
Graphical Representation of the Company's share price in comparison to the broad-based Indices i.e. BSE-Sensex is given below



• **Distribution of Shareholding as on March 31, 2021:**

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	36656	98.49	2518889	12.15
2.	1001-5000	467	1.25	948434	4.57
3.	5001-10000	36	0.10	272447	1.31
4.	10001 & Above	60	0.16	16992294	81.97
	Total	37219	100.00	20732064	100.00

Category	No. of Shares	% age
Promoters & Promoters Group	15169619	73.17
Bodies Corporate, Mutual Fund, Public and Others	5562445	26.83



• **Dematerialization of Equity Shares and Liquidity:**

About 99.97% of the total equity share capital of the Company (20,725,261 Equity Shares) were held in dematerialised form. The Company has entered into agreements with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of shares through Link Intime India Private Limited, Registrar & Transfer Agent (RTA) of the Company. The Company's shares are liquid and actively traded on both the Stock Exchanges i.e. NSE and BSE.

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

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds in India or abroad during the financial year ended March 31, 2021. The ratings given by ICRA Limited for short-term borrowings is (ICRA) A1+ (pronounced ICRAA one plus) and long-term borrowings of the Company is (ICRA) AA- (pronounced double A minus) respectively. There was no revision in the said ratings during the year under review.

• **Reconciliation of Share Capital Audit:**

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

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

• **Plant Locations:**

The manufacturing plants of the company located at:

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

• **Address for Correspondence:**

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

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

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

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

7. CODE OF BUSINESS CONDUCT & ETHICS

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

All members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for Board and Senior Management for the financial year 2020-21. The declaration to this effect signed by Mr. Jawahar Lal Oswal, Chairman and Managing Director of the Company is annexed to this report as Annexure 'A.' The Code of Conduct for employees and the Board and Senior Management has clear policy and guidelines for avoiding and disclosing actual or potential conflict of interest with the Company, if any.

8. OTHER DISCLOSURES

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

All the transactions entered during the financial year with the related parties as defined under Companies Act, 2013 and Listing Regulations, are disclosed in detail in Note No. 40 in "Notes forming part of the Accounts" annexed to the Financial Statements for the year ended March 31, 2021. All the related party transactions were in the ordinary course of business and on Arm's length basis and are not in conflict with the interest of the Company.

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

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

• **Vigil Mechanism / Whistle Blower Policy**

Pursuant to Section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy / Vigil Mechanism for Directors and employees to report to the

management about the unethical behaviour, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. Further the Audit Committee reviews and ensures the adequacy of the system laid down by the Company for the said purpose and no concern was reported during the Financial Year ended 31.03.2021. The said policy is also available on the website of the company at link: <https://www.montecarlocorporate.com/investor-relation/policies-code>

- **Weblink where policy for determining 'material' subsidiaries is disclosed:**
As on March 31, 2021, 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 is available on the website of the company at link: <https://www.montecarlocorporate.com/investor-relation/policies-code>
- **Other policies:**
Your Company has also framed the Policies (i) the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and (ii) the Code of Conduct, as required under SEBI (Prohibition of Insider Trading) Regulations, 2015 and the same is available on the website of Company at <https://www.montecarlocorporate.com/investor-relation/policies-code>
- **Disclosure of Commodity price risk and commodity hedging activities: Not Applicable**
- **Details of preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of the Listing Regulations**
The Company has not raised funds through preferential allotment or qualified institutional placement.
- **Recommendations of Committees of the Board**
There were no instances during the financial year 2020-21, wherein the Board had not accepted recommendations made by any committee of the Board.
- **Total fees paid to Statutory Auditors of the Company**
Total fees of ₹ 35,56,203 (Rupees Thirty Five Lakhs Fifty Six Thousand Two Hundred Three only) for financial year 2020-21, for all services, was paid by the Company on a consolidated basis to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.
- **Secretarial Compliance Report**
SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued there under. The said Secretarial Compliance report is in addition to the Secretarial Audit Report by Practicing Company Secretaries under Form MR- 3 and is required to be submitted to Stock Exchanges within 60 days of the end of the financial year.
- **CEO/CFO Certification**
As required under Regulation 17 of the Listing Regulations, the CEO/CFO certificate for the financial year 2020-21 signed by Mr. Jawahar Lal Oswal, Chairman and Managing Director and Mr. Raj Kapoor Sharma, Chief Financial officer was placed before the Board of Directors of the Company at their meeting held on August 5, 2021 and is annexed to this Report as **Annexure 'A'**. The said certificate forms part of this report.
- **Certificate From Practicing Company Secretary**
Certificate as required under Part C of Schedule V of Listing Regulations, received from Shri P.S. Dua of M/s P.S. Dua & Associates (C.P. 3934), Practicing Company Secretary, that none of the Directors on the Board of the

Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority was placed before the Board of Directors at their meeting held on August 5, 2021 and is annexed to this Report as **Annexure 'B'**. The said certificate forms part of this report

- **Compliance Certificate On Corporate Governance**

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

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

The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment at workplace. The details relating to the number of complaints received and disposed of during the financial year 2020-21 are as under:

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

- **Appointment of Nodal Officer**

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

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

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

The Board

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

Shareholders rights

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

Modified opinion(s) in audit report

There is no modified opinion in the audit report

Reporting of Internal Auditor

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

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

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

- Board of Directors
- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee

- Risk Management Committee
- 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).
- * the Board of Directors have formulated the Risk Management Committee in its meeting held on 14.05.2021.

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

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

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

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

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

For and on behalf of Board of Directors

Place: Ludhiana

Date : 05.08.2021

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

**Annexure A to Report on Corporate Governance for the financial year ended March 31, 2021
DECLARATION REGARDING COMPLIANCE WITH CODE OF BUSINESS CONDUCT & ETHICS**

As provided under Regulation 26(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with Monte Carlo Fashions Limited Code of Business Conduct and Ethics for the year ended March 31, 2021.

For and on behalf of Board of Directors

**Place: Ludhiana
Date : 05.08.2021**

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

CEO / CFO CERTIFICATION

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2021 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 March 31, 2021 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We hereby confirm that there were no:
- 1) significant changes in internal control over financial reporting during the year;
 - 2) significant changes in accounting policies during the year that requires any disclosure in the notes to the financial statements; and
 - 3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Monte Carlo Fashions Limited

For Monte Carlo Fashions Limited

**Place : Ludhiana
Date : 05.08.2021**

**Jawahar Lal Oswal
Chairman & Managing Director**

**Raj Kapoor Sharma
Chief Financial Officer**

Annexure B to Report on Corporate Governance for the financial year ended March 31, 2021
CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To

The Members

Monte Carlo Fashions Limited

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending as on 31.03.2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

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

*the date of appointment is as per the MCA Portal.

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

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

P.S. Dua
Proprietor

(Membership No. FCS 4552)
(Certificate of Practice No. 3934)
UDIN: F004552C000742267

Place: Ludhiana
Date : 05.08.2021

**Annexure C to Report on Corporate Governance for the financial year ended March 31, 2021
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 March 31, 2021, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule-V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2021.

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

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

**P.S. Dua
Proprietor**

**(Membership No. FCS 4552)
(Certificate of Practice No. 3934)
UDIN: F004552C000742245**

**Place: Ludhiana
Date : 05.08.2021**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDIAN ECONOMIC OVERVIEW

The FY2021 has been the most challenging year as COVID-19 pandemic brought the entire world to a standstill, equitably affecting markets and supply chains globally. Consumer purchase were hit badly due to the global lockdowns and economic recession. However, 2021 looks brighter given the onset of vaccination drives, growth in e-commerce sales and resumption of global supply chains.

According to National Statistics Office (NSO) estimates, COVID-19 pandemic and several containment measures are expected to cause India's Gross Domestic Product (GDP) growth contraction by 7.7% in FY2021 as against 4.2% growth in FY2020. GDP at Current Prices or Nominal GDP in FY2021 is estimated to be pegged at ₹ 195.86 trillion vis-a-vis ₹ 203.51 trillion in FY2020, contracting by 3.8%. India's per capita income is estimated at ₹ 85,929 in FY2021 as compared to ₹ 94,566 in FY2020.

India adopted a four-pillar strategy of containment, fiscal, financial, and long-term structural reforms to overcome the COVID-19 led economic setback. The government's calibrated fiscal and monetary support gave a fillip to consumption and unlocked investment opportunities. Additionally, a favourable monetary policy provided adequate liquidity and immediate aid to debtors, thereby smoothening the monetary policy transmission. Despite global adversities, India continued to be a preferred investment destination in FY2021.

Outlook

According to the Economic Survey 2020-21, India's GDP growth is estimated to bounce back at 11% in FY2022 led to the government's Atma Nirbhar Bharat Abhiyaan resulting in a stimulus package of ₹ 29.87 trillion translating to 15% of India's GDP. India's V-shaped recovery is augmented by a robust rise in consumption and investment coupled with a mega vaccination drive and bounce-back in the services sector. The reinstatement of inter and intra state movement and record-high monthly GST collections resonate with the unlocking of industrial and commercial activities. However, the second wave of COVID-19 infections coupled with reimpositions of lockdown might pose a threat to the sustaining V-shaped recovery dampening market and consumer sentiment. According to the Centre for Economics and Business Research forecasts, India will be the fifth largest economy in 2025 overtaking the United Kingdom.

India Textile & Apparel Industry¹

The textile and apparel industry is one of the leading segments of Indian economy and one of the largest sources of foreign exchange earnings of the country. India has traditionally been a major producer of textiles and is the world's second-largest textile manufacturer after China. It has a large raw material base and can produce a wide variety of textiles and end products which find their use in various fields. The domestic textiles and apparel industry contributes 5% to India's GDP, 7% of industry output in value terms and 12% of the country's export earnings. The textiles and apparel industry in India is the second-largest employer in the country providing direct employment to 45 million people and 60 million people in allied industries.

Indian domestic textile and apparel market is estimated at US\$ 75 billion in 2020-21 and is expected to recover and reach to US\$ 190 billion by 2025-26. Apparel constitutes 73% share of the total T&A market in India.

India's T&A exports reached US\$ 33.5 billion in 2019-20. Due to the impact of Covid-19, India's T&A exports are expected to fall around 15% to reach US\$ 28.4 billion in 2020-21. India's exports of T&A are expected to grow to US\$ 65 billion by 2025-26, growing at a CAGR of 11%. India's T&A imports were US\$ 8.6 billion in 2019-20. However, they are expected to decline by around 35% to reach US\$ 5.6 billion in 2020-21. The imports of T&A are expected to grow at a CAGR of approx. 10% to reach US\$ 15.2 billion by 2025-26.

With the adoption of modern technologies and better capacity building, India in recent years has emerged as a cost competitive base for manufacturing. India has strengthened its position as an alternative to China resulting from a favourable ease of doing business ranking, better compliance, and political stability.

Indian Apparel Industry¹

The domestic Indian apparel market can be broadly classified into men's wear, women's wear and kids wear. Currently, men's wear holds the largest share in the apparel market. It accounts for 41% of the market. Women's wear contributes almost 38%, while Kids wear contributes the balance 21% of the market. Each of them can be additionally characterized into Formal, Casual, Winter Wear, Sports Wear and Accessories.

¹ Ministry of Textiles, Government of India

<p>Men's Wear (41%)</p>	<ul style="list-style-type: none"> • Comprises of Wollen Wear, Shirts, Trousers, Suits, T-shirts, Sports/ fitness wear, Undergarments and others • Largest segment in the Indian apparel market
<p>Women's Wear (38%)</p>	<ul style="list-style-type: none"> • Comprises of Wollen Wear, Shirts, Trousers, Suits, T-shirts, Sports/ fitness wear, Undergarments and others • The robust growth in this segment can be attributed to the rising income levels, rising number of working women and more college going females
<p>Kids Wear (21%)</p>	<ul style="list-style-type: none"> • Comprises of Wollen Wear, Shirts, Trousers, T-shirts, Sports wear, Uniform, Undergarments and others • Smallest yet the fastest growing segment • Uniform is the largest sub-segment

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

High real estate costs, competition among branded players and saturation in metro cities of the country have driven big brands to move towards the smaller cities. The increasing purchasing capacity and awareness of fashion and trend in small cities has also resulted in providing a huge market to the organised players of the country. The rural apparel market in India is still primarily catered by unbranded and unorganised local players. Need based clothing and price sensitivity among people of rural India does not make it a lucrative market for branded players.

The demand for textiles and apparel is being primarily driven by 1) rise in disposable income which increases ability to consume, 2) increased usage of plastic money leading to impulsive buying among the Indian consumers, 3) intensifying urbanization leading to demand of varied goods and services, 4) positive demographic dividend along with changing consumer preference (ready to stitch), 5) increased organized retail which increases availability and the rise of private labels coupled with increase in (Ready to wear) RTW rather than RTS (Ready to Stitch), and 6) growth of internet penetration and rise of e-commerce as a viable alternative sales channel.

Impact of Covid on Indian Textile & Apparel Industry

Due to the pandemic, all economic activities except for the essential goods and services came to a standstill. The industry faced a complete shutdown for around 2-3 months, while a few manufacturers who dedicated their production systems for PPE manufacturing were permitted to function. However, most of the units operated at sub-optimal utilization levels for next several months. Disrupted logistics and frozen external trade caused due to the pandemic affected the entire value chain alike. India's April and May 2020 net trade were around 50% lower month-on-month compared to that of the previous year. Lockdown restrictions across the country resulted in a slump in the retail sales of apparel for at least 4-5 months. Moreover, the festive and wedding season sales were deeply impacted.

India's e-commerce sale of goods and apparel saw a steep rise in 2020, thanks to an increased market. Work-From-Home drove the demand for casual wear apparel over formals. Consumption in all the apparel categories was impacted negatively in 2020. However, the pace of recovery for each category was different. Sales for kids wear and casual wear recovered faster, while ethnic wear and formal wear were the worst hit segments.

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

Your Company has been pursuing government guidelines on healthy work practices for all our workers from the start of the pandemic. The Company has taken various measures to take care of the livelihoods of workers and their safety and security. The steps include providing masks, hand sanitizers, disinfectants, conducting regular temperature checks and being very vigilant on workers and essential visitors at the operational facilities.

The situation is unprecedented, and the impact is uncertain. However, notwithstanding this uncertainty over the medium to long term, India is expected to return to a strong growth trajectory, given the increased focus on vaccination, growth in e-commerce sales and resumption of global supply chains.

Company Overviews

Monte Carlo Fashion Limited is a well-known brand having a basket of diversified product which includes Woollen, Cotton, Kids and Home Furnishing product. Monte Carlo Fashions is recognized as “Superbrand” for woollen knitted apparel in each edition of Consumer Superbrands India. The Company has presence across India through a judicious mix of EBOs, MBOs and Shops in shop, distributors and national chain stores and online Located in 20 states & 3 union territory. It has a strong design team of over 30 professionals closely tracking the trending global fashion.

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

Business Overview

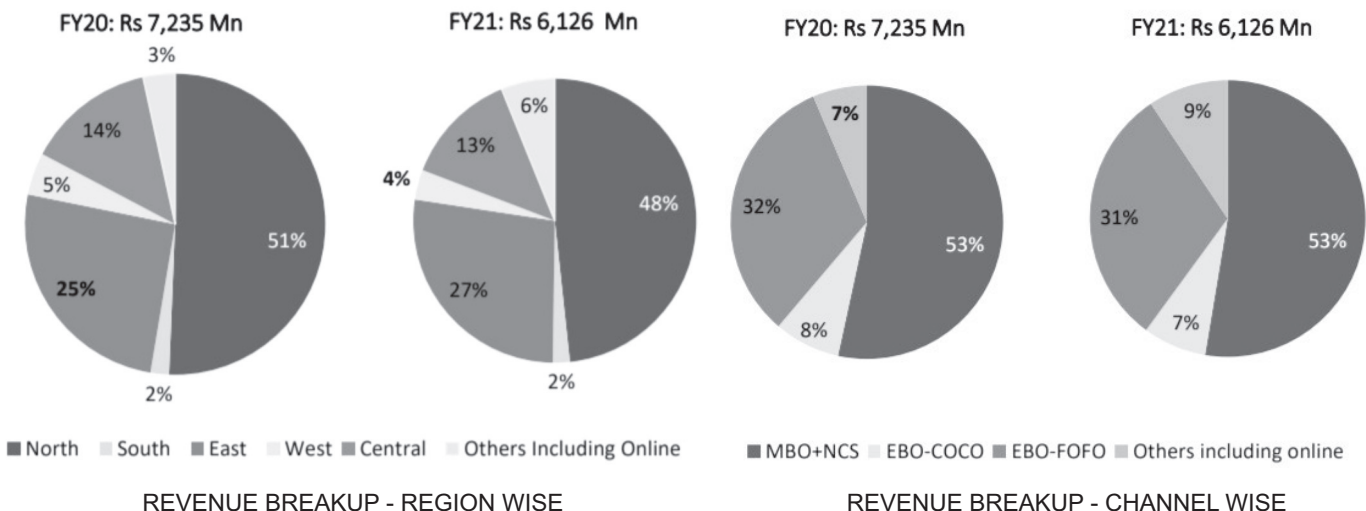
Overview of Product Categories

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

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

REGION & CHANNEL WISE REVENUE BREAKUP

The Company has a well-diversified presence across various categories such as Cottons, Woollens, Home Furnishings and Kids etc. Currently, Cotton wears contribute around ~51% of the Company’s total revenues. Historically, the Company’s presence has been strong in the Northern and Eastern region of India.



THE MONTE CARLO ADVANTAGE

- **Marketing Initiatives**

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

- **Distribution Centres**

Your Company's key strength is wide and growing distribution network with a diversified presence across India. The Company has a presence through 1,777 plus MBO's, 298 EBOs and 622 NCS outlets. During the tough times of Covid pandemic your Company was able to open 28 new stores in different region and at the same time closed few non-performing stores. A significant contribution to the Company's revenue comes from MBOs and franchise EBOs where the company primarily sell on a pre-ordered outright basis. By this business model, there is no significant inventory risk, and the Company remains adequately protected from normal hazards of the branded apparel business.

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

- **Online Presence**

Company has presence across India through various distribution channels and recently have witnessed huge demand coming through online channels. For FY2021, your company recorded a sale of ₹ 3720 Lakhs against ₹ 2410 Lakhs in FY2020 through online channel, which is around 6% of the total revenues. With regards to online sales, the Company is looking to focus more on selling through own portals, but the products are also available under various E-commerce websites such as Amazon, Flipkart, Myntra, Jabong and Kapsons. The focus is on building a comprehensive range of Cotton and cotton blended products which cater to all seasons in-order to expand its all-season product range and strengthen pan-India operations.

- **Technology Upgradation**

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

OPPORTUNITIES

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

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

- **Diversification across various Product Categories**

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

RISKS & CONCERN

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

- **Regulatory risk Legal and tax compliance**

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

- **Discounts**

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

- **Seasonal nature of business**

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

GOVERNMENT INITIATIVES

The government in the Union Budget 2021-22, has announced the setting up of seven mega textile parks in the next three years. The setting up of integrated textile parks would assist small and medium entrepreneurs in the textile industry to clusterize investments in textile parks by providing financial support for world class infrastructure in the parks. The government has also decided to rationalise the duties on raw material inputs to manmade textiles by reducing customs duty rate on caprolactam, nylon chips and nylon fiber and yarn to 5%. To benefit farmers and promote domestic manufacturing, the government has raised customs duty on cotton from nil to 10% and on raw silk and silk yarn from 10% to 15%.

The grant to the textiles and clothing sector in Union Budget 2021-22 is ₹ 3,614.64 crore, about 10% higher than the revised Budget amount of ₹ 3,300 crore in 2020-21. The Budget also puts emphasis on infrastructure development and research & capacity building as the grant for these sectors has been increased by about 43.7% and 77.5%, respectively, compared to last year.

This year's Budget allocates ₹ 700 crore for Amended Technology Upgradation Scheme (ATUFs) against ₹ 545 crore in previous year, which will help to clear the pending capital subsidy. It earmarks ₹ 30 crore for Export Promotion Studies against ₹ 5 crore in the last Budget, and ₹ 100 crore for Integrated Scheme for Skill Development. This scheme would facilitate augmenting of investment, productivity, quality, employment, exports and import substitution in textile industry.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

HUMAN RESOURCE & INDUSTRIAL RELATIONS

The Company has an excellent track record of cordial and harmonious industrial relations and, over the years, not a single man-day was lost on account of labour unrest. In view of its aggressive growth plans, the Company enhanced its focus on improving human resource productivity and efficiency. The Company is of the firm belief that human resource is the driving force that propels a Company towards progress and success. The Company is committed to the development of its people. The total permanent employee's strength of the Company was 1,824 as on March 31, 2021. The Industrial relations were cordial and satisfactory.

OPERATIONAL PERFORMANCE & FINANCIAL REVIEW

Despite COVID led disruptions during the FY2021, your company reported revenue of ₹ 62,201.73 Lakhs as against ₹ 72,561.32 Lakhs in FY2020, which reflects your Company's strong business model and execution skills. Gross margin stood at 46.8% in FY2021 as against to 47.2% in FY2020. EBITDA for FY2021 stood at ₹ 11,556.07 Lakhs against ₹ 12,442.52 Lakhs in FY2020. PAT for the year stood at ₹ 6,629.58 Lakhs as against ₹ 6,269.01 Lakhs in FY2020.

On the Balance Sheet front, the Company has a cash balance of ₹ 22,842.69 Lakhs which comprises of cash and bank balance along with current and non-current investments. Long-term borrowing is at ₹ 1,172.69 Lakhs compared to ₹ 1,630.74 Lakhs in FY2020, which shows our efficiency in servicing debt. Debt to equity ratio is 0.05x for FY2021. ROCE and Cash Adjusted ROCE is 17% and 21% for the year.

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

FUTURE OUTLOOK

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

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

Given the uncertainty generated by the continually evolving COVID-19 pandemic, it is not appropriate to provide guidance for the upcoming fiscal year at this stage. The Company has implemented stringent cost control measures across the organization to conserve cash to address any evolving situation resulting from the pandemic. Your Company continues to enjoy a comfortable net cash position, and its medium-term liquidity needs are well covered.

With adequate banking limits in place, company's ability to service debts and financing obligations on time remains unaffected. Healthy credit terms with the suppliers helps the Company to operate the business smoothly. Monte Carlo Fashions Limited can sustain robust growth without any significant Capital Expenditure and is fully geared to withstand the challenges as the situation unfolds on the back of its financial and operational strengths. Your Company's endeavour is always to create value for its shareholders and stakeholders.

SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

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

Ratio	Unit	FY 2020-21	FY 2019-20	% Change
Debtors Turnover	times	2.58	3.07	-15.97
Inventory Turnover	times	3.08	3.35	-8.02
Interest Coverage Ratio	times	6.02	5.35	-12.54
Current Ratio	times	2.96	2.37	24.97
Debt Equity ratio	times	0.19	0.21	-8.47
Operating Margin	%	13.10	12.56	4.24
Net Margin	%	10.67	8.65	23.33
Return on Net Worth	%	10.97	11.50	-4.56

Since there is no significant change, no clarification is required.

CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of Monte Carlo Fashions, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Monte Carlo Fashions Limited for the financial year ended March 31, 2021.

For and on behalf of Board of Directors

Place: Ludhiana

Date : 05.08.2021

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

BUSINESS RESPONSIBILITY REPORT

Regulations 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

About Monte Carlo Fashions Limited

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

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

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

About This Report

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

The reporting framework is based on the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)" released by the Ministry of Corporate Affairs, Government of India, in July 2011 which contains 9 Principles and Core Elements for each of those 9 Principles. Following is the Business Responsibility Report of our Company based on the format suggested by SEBI. Detailed Business Responsibility Report for 2020-21 (available at www.montecarlocorporate.com) is based on the 9 Principles enshrined in the NVGs.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company:** L51494PB2008PLC032059
- Name of the Company:** Monte Carlo Fashions Limited
- Registered address:** B-XXIX-106, G.T. Road, Ludhiana, Punjab-141010
- Website-** www.montecarlocorporate.com
- E-mail id-** investor@montecarlocorporate.com
- Financial Year reported:** April 1, 2020 to March 31, 2021
- Sector(s) that the Company is engaged in (industrial activity code-wise): Manufacture of Knitted and Crothetd Apparel : 143**
(As per national industrial classification - Ministry of Statistics and programee implimentation)
- List three key products that the Company manufactures (as in balance sheet)**
The Company is engaged in manufacturing of designer woollen / cotton readymade apparels
- Total number of locations where business activity is under taken by the Company**

(a) Number of International Locations :	1 (Nepal)
(b) Number of National Locations -	
Manufacturing Facilities	4
Multi-brand Outlets & Distributors	1777+*
Exclusive Business Outlets	298
National Chain Store	622
Shop-in-Shop Stores	153

*MBO, SIS & Distributors count have been taken on the basis of primary billing done during the period.

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

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid-up Capital(INR):** ₹ 2,073.21 Lakhs
2. **Total Turnover(INR):** ₹ 62,201.73 Lakhs
3. **Total profit after taxes(INR) :** ₹ 6,629.58 Lakhs
4. **Total Spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax(%):**
During the year under review, the Company has spent Rs 179.61 Lakhs on CSR activities (equivalent to 2% of the average net profits of the Company made during the three immediately preceding financial years), as calculated under section 198 of the Companies Act, 2013 (“the Act”)
5. **List of activities in which expenditure in 4 above has been incurred:-**
The CSR Activities of the Company are detailed at Annexure A to the Director’s report in the Annual Report for Financial Year 2020-21.

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

SECTION D: BUSINESS RESPONSIBILITY INFORMATION

1. **Details of Director/Directors responsible for BR :**

a. **Details of Director/Directors responsible for Implementation of BR Policy**

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

b. **Details of the BR head**

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

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

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

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the well-being of all employees.
Principle 4 (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5 (P5)	Businesses should respect and promote human rights.

Principle 6 (P6)	Business should respect, protect, and make efforts to restore the environment.
Principle 7 (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of compliance

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

Notes:-

1. The policies have been formulated by taking inputs from the concerned internal stakeholders and are updated regularly in light of changing scenario and suggestions. However, there is no formal consultation with external stakeholders.
2. The policies are based on and are in compliance with the applicable regulatory requirements and national/international level standards. The spirit and content of the Code of Conduct and all the applicable laws and standards are captured in the policies articulated by the Company.
3. Policies mandated under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are approved by the Board and have been duly signed by the Chairman and Managing Director of the Company.
4. The policies will be communicated to key internal stakeholders of the Company. The BR policies are communicated through this report and also through the website of the company.
5. Any grievance/feedback related to the policies can be sent to the Company at investor@montecarlocorporate.com by the stakeholders.

6. Yes, the Policies are evaluated internally and updated/amended as per the changed business scenario.

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

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

2. Governance related to BR

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

The Management assesses the business responsibility performance annually.

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

Yes, since financial year 2019-20, Monte Carlo Fashions Limited publishes BRR report.

The Company's Business Responsibility Report is a part of the Annual Report. It is also available on website of the company at www.montecarlocorporate.com.

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

Monte Carlo Fashions Limited (MCFL) is committed to adopt the best corporate governance practices, policies and procedures as manifested in the company's functioning to achieve business excellence by enhancing the long term shareholder's value. Efficient conduct of the business of the company through commitment to transparency and business ethics in discharging its corporate responsibilities are hallmarks of the best practices being followed. The Company's employees are committed to the highest standards of personal and professional ethical behavior.

The composition of the Board of Directors of the company is governed by the Company's Act 2013 and SEBI Regulations 2015. As on March 31, 2021, 12 (Twelve) Directors including a Chairman & Managing Director, 4 (Four) Executive Directors, 1 (One) Non Executive Non Independent Director and 6 (Six) Independent Directors.

- Vigil Mechanism/ Whistle Blower Policy:** The Vigil Mechanism of the Company, which also incorporates a whistle blower policy aims to address the issues relating to ethics, bribery, corruption, sexual harassment or any discrimination and provide a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman/ Chairman of the Audit Committee in exceptional cases. The vigil Mechanism/ whistle blower policy is available at the company's website at the following link: <https://www.montecarlocorporate.com/investor-relation/policies-code>

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

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

- **Code of Conduct:** The Company has a Code of Conduct for its Directors, Senior Management Personnel which aims at maintaining highest standards of business conduct in line with the Ethics of the Company, provides guidance in difficult situations involving conflict of interest & moral dilemma and ensures compliance with all applicable laws Their affirmation to the Code of Conduct is communicated to all stakeholders by Chairman and Managing Director, through a declaration in the Annual Report. Further, Employees at all levels are expected to comply with the company's policies and code of conduct, which prohibits abusive, corrupt, anti-competitive and unfair practices.

The policy code of conduct is available at the company website at the link <https://www.montecarlocorporate.com/investor-relation/policies-code>

- **Governance:** To ensure accountability and monitoring, the Board has constituted various committees such as: Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility (CSR) Committee and Stakeholders' Relationship Committee. These committees inter-alia help to address concerns with respect to policies and procedures enforced across the Company's business and operations. The committees meet periodically during the year to supervise, review performance and advice on the necessary direction to be taken.

The Company discloses all necessary legal and financial disclosures to stakeholders through Stock Exchanges, Company's website, Annual Report, including Newspapers and other media as required.

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

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

MCFL has designated email id investor@montecarlocorporate.com for receiving and addressing investor grievances. Only one (1) investor grievances were received during the year under review; the Company has satisfactorily resolved the investor grievances, and no investor grievance was pending as on March 31, 2021.

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

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

- **New Product Development**

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

- **Sustainable sourcing:**

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

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

- **Product labelling:**

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

regards to use, wash and care of garments.

- **Recycling:**

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

Principle 3: Businesses should promote the wellbeing of all employees

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

At MCFL, we have a culture of empowerment that values and respects individual potential and helps each one achieve it to the fullest. Employees own their jobs and not just perform them. The Company has a constant endeavor to provide a safe, productive and positive environment for our employees that is free from any form of discrimination, including but not limited to sexual harassment, thus supporting them, so that they can maintain a healthy work-life balance and develop their professional as well as personal skills.

Also, the Company endeavors to provide equal opportunity to each individual by evaluating him/her on its performance and ensure that there is no discrimination amongst its employees based on caste, creed, religion, disability, gender, age, sexual orientation, race, colour, ancestry, marital status and medical background.

Employees Strength of Company as on March 31, 2021, was as under:-

Total Strength	No. of Male Employees	No. of Female Employees
1824	1494	330

The human resource policies of company are guided by the inherent values and are aligned with labour and human rights regulations as applicable from time to time and also ensure that there is no child labour, forced labour or any form of involuntary work, paid or unpaid at any of its premises.

The Company did not hire any employee on contract basis in the financial year 2020-21, and no worker/ labour unions existed as on March 31, 2021.

The Company organises Prevention of Sexual Harassment (POSH) trainings for its employees at various Manufacturing units, offices and stores to sensitize them about the definition of sexual harassment, identifying sexual harassment, protecting oneself from becoming a victim of sexual harassment and the reporting procedure of sexual harassment complaints.

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

The Company has received no complaints related to Sexual harassment, Discriminatory employment, child labour, forced labour or any form of involuntary work.

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

At MCFL, we believe that meaningful engagement and collaboration with stakeholders helps the Company envision, address various opportunities and challenges proactively. This common dialogue allows learning, understanding of the operating environment, pooling of resources to positively impact and resolve problems that makes the organization perform better. The Company has mapped its internal as well as external stakeholders and carries out engagements with investors, employees, clients and business partners, etc. The internal stakeholders, like employees of the Company, are identified through surveys and regular engagements. The external stakeholders are reached through defined activities such as press releases, analyst/ investor meets, client events, participation in events organized by various associations, etc.

- **Engaging with Government and Statutory Bodies:**

Your Company maintains all its records as statutorily required and ensures internal and external compliances. Monte Carlo Fashions whilst ensuring compliances also interacts with various authorities and concerned statutory bodies as and when required.

- **Investor Engagement:**

The Company has a mechanism in place to deal with investor's grievance handling and providing any other service as required with the support of its Registrar and Share Transfer Agents. The Board of Directors have already constituted "Stakeholders' Relationship Committee" which periodically ensures that all queries, grievances and complaints received or reported are redressed and resolved on timely basis.

The Company regularly interacts with its Shareholders and investors through results announcements, annual report, analyst/investor meets, Company's website and subject-specific communications. The Annual General Meeting (AGM) provides the Shareholders to engage directly with the Directors and the Management. During AGM, the Directors engage with Shareholders and answers their queries on varied subjects. The Investor Relations team also interacts regularly with investors and analysts, through investor calls, one-on-one and group meetings, participation at investor conferences, and the annual investors meet.

- **Employee Engagement:**

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

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

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

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

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

Principle 5: Businesses should respect and promote human rights

MCFL seeks to uphold and promote human rights in its operations, in relationships with business and partners through its human rights policy. The Company's human rights policy recognizes the following priority issues: compliance with applicable labour laws, zero tolerance to child, forced or compulsory labour in operations and supply chains, equal opportunity, provide opportunities for all employees to express concerns and seek redressal, health and safety of our employees, respect and support of social and cultural norms of local communities. In order to ensure no child labour in its operations, the Company documents age proofs and PAN cards or identical proof of all candidates. Also, the company ensures non-discrimination while communicating the job description through recruitment channels to give equal opportunity to all candidates irrespective of their caste, race, religion or gender.

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

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

Principle 6: Protection and Restoration of the Environment

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

The Company endeavours to impact the environment positively with cleaner production methods, use of energy-

efficient and environment-friendly technologies. We are continually investing in new technologies, implementing process improvements and innovating

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

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

The initiatives taken by the Company for energy efficiency are detailed in Annexure F to the 'Directors' Report included in the Annual Report for FY 2020-21.

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

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

MCFL appreciates the importance of trade associations. Trade associations provide a forum for information sharing and discussion with both trade association officials and representatives of various sectors. Your Company is a member of the Confederation of Indian Industry [CII] and apex chamber of commerce and industry (apex chamber) as on March 31, 2021.

The Company participates in the discussions, meetings and seminar organized by the various associations and utilizes these forums for pushing new policy initiatives and agendas, update the industry concerns to the relevant government offices and provide our inputs sought by the State & Central Governments related to the current problems faced by the industry, future prospects and actively put forth the viewpoint on various policy matters and inclusive development policies.

Principle 8 : Businesses should support inclusive growth and equitable development

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

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

In 2020-21, the Company spent ₹ 179.61 Lakhs as prescribed under Section 135 of the Companies Act, 2013. The details of the CSR initiatives undertaken by your Company are set out in the Annexure A to the Directors' Report included in the Annual Report for the Financial Year 2020-21.

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

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

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

Adding value is not always about money or discounts. Understanding our customer is the key to add value. We try to understand what drives value for our customers and offer best quality products with a prime focus on developing memorable customer experience. We take care of the expectations of our customers as well as other stakeholders. We implement practices to safeguard our environment and society. We consistently work to improve customer satisfaction and deliver value proactively by anticipating changes in customer's needs. To understand the

customers better, the Company adopts several procedures including customer surveys, customer audits and direct feedback.

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

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

Independent Auditor’s Report
To the Members of Monte Carlo Fashions Limited
Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Monte Carlo Fashions Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter – Uncertainties related to Covid-19

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Sales returns</p> <p>Refer accounting policies in note 1 (i) to the Financial Statements.</p> <p>One of the significant adjustments considered in revenue recognition is the adjustment for sales returns. The Company has various types of arrangements with the customers including outright sales and sales with right of return in normal course of business, where the customer have the right to return the goods with no specific period of return from the date of purchase. As per historic trend, customers generally exercise their right to return the goods within 3 years from the date of sale.</p> <p>The above arrangements result in a significant risk that sales made during the current year might be returned in subsequent periods. Management adjusts revenue recognized during the</p>	<p>Our audit procedures in relation to revenue returns included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Reviewed the process of sales returns and assessed the appropriateness of the accounting policy adopted by the Company for revenue recognition. • Assessed the design and implementation of controls in respect of the revenue recognition and sales returns and tested the effectiveness of key revenue controls operating across the business. • Obtained the historical trends for revenue and corresponding sales returns based on the accounting records maintained by the Company. • Analysed the appropriateness for the exclusions of certain revenue transactions from the estimations for expected sales returns. Verified the customer's right to

Key audit matter	How our audit addressed the key audit matter
<p>year for expected returns in the subsequent periods based on sales made during the current year and historical trends of sales return in the earlier years for various types of arrangements which are grouped on the basis of similar characteristics.</p> <p>In accordance with Ind-AS 115, Revenue from contracts with customers, to account for the transfer of products with a right of return, Company records the revenue for the transferred products and reverses revenue for the products expected to be returned, record a refund liability and an asset, with corresponding adjustment to cost of sales, for its right to recover products from customers on settling the refund liability.</p> <p>Accordingly, Company has adjusted the revenue of the current year by ₹ 1,066.05 lakhs. Company has recognized refund liability amounting to ₹ 3,347.63 lakhs and corresponding right to recover products from customers amounting to ₹ 2,281.58 lakhs as at 31 March 2021.</p> <p>Considering the materiality of the amounts involved and significant judgements discussed, including the inherent limitations involved in estimating the future sales returns based on past trends, this matter has been identified as a key audit matter for the current year audit</p>	<p>return goods with the signed agreements and corroborated the sales return estimates made by the management for the year based on discussions with management around past trends and other relevant factors.</p> <ul style="list-style-type: none"> • Obtained the classification of contracts with similar characteristics, performed detailed analysis of the terms applicable for different types of contracts. • Tested the arithmetical accuracy of the calculations performed by the management in arriving at the expected value of sales returns. • Ensured that the accounting treatment in accordance with the provisions of Ind-AS 115. • Assessed the adequacy and appropriateness of the disclosures made in the financial statements is in accordance with the applicable accounting standards.

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

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

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

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

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

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

8. The accompanying financial statements have been approved by the Company’s Board of Directors. The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, profit, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the IndAS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

10. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, we report that the Company has paid and provided remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

17. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
18. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit we report, to the extend applicable, 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 of the accompanying financial statements;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
 - e) the matter described in paragraph 4 under the Emphasis of Matter- Uncertainties related to Covid-19, in our opinion, may have an adverse effect on the functioning of the Company;
 - f) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
 - g) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 14 May 2021 as per Annexure II expressed unmodified opinion; and
 - h) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position as at 31 March 2021;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sandeep Mehta

Partner

Membership No.: 099410

UDIN: 21099410AAAACA3314

Place: Mohali

Date: 14 May 2021

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 2021

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 (property, plant and equipment).
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and services tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) There are no dues in respect of income-tax, sales-tax, service tax, goods and services tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank during the year. The Company has no loans or borrowings payable to a financial institution or government and no dues payable to debenture-holders during the year.
- (ix) In our opinion, the Company has applied moneys raised by way of the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer/ further public offer (including debt instruments) during the year.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

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

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sandeep Mehta

Partner

Membership No.: 099410

UDIN: 21099410AAAACA3314

Place: Mohali

Date: 14 May 2021

Annexure II

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

1. In conjunction with our audit of the financial statements of Monte Carlo Fashions Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control 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.: 099410

UDIN: 21099410AAAACA3314

Place: Mohali

Date: 14 May 2021

Balance Sheet as at 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

	Notes	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
a) Property, plant and equipment	2.1	14,926.87	15,178.03
b) Right-of-use assets	2.2	7,521.21	7,585.74
c) Capital work-in-progress	3	116.44	248.54
d) Intangible assets	4	36.01	57.58
e) Financial assets			
i) Investments	5.1	392.41	3,571.39
ii) Loans	5.2	577.11	402.78
iii) Other financial assets	5.3	1,005.21	812.44
f) Income tax assets (net)	6 (a)	-	889.54
g) Deferred tax assets (net)	28	912.29	791.61
h) Other non-current assets	7	247.91	172.00
Total non-current assets		25,735.46	29,709.65
Current assets			
a) Inventories	8	20,153.92	21,618.21
b) Financial assets			
i) Investments	9.1	17,359.59	9,793.54
ii) Trade receivables	9.2	22,949.97	25,216.72
iii) Cash and cash equivalents	9.3	44.46	134.43
iv) Bank balances other than cash and cash equivalents	9.4	4,041.02	1,142.29
v) Loans	9.5	58.37	56.49
vi) Other financial assets	9.6	348.09	135.69
c) Other current assets	10	2,969.19	3,236.73
Total current assets		67,924.61	61,334.10
Total assets		93,660.07	91,043.75
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	11	2,073.21	2,073.21
b) Other equity	12	58,335.80	52,444.15
Total equity		60,409.01	54,517.36
Liabilities			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings	13.1	1,172.69	1,630.74
ii) Lease liabilities	13.2	7,195.32	7,038.90
iii) Other financial liabilities	13.3	1,861.86	1,685.49
b) Other non-current liabilities	14	103.27	117.15
c) Provisions	15	-	193.25
Total non-current liabilities		10,333.14	10,665.53

Balance Sheet as at 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

Notes	As at 31 March 2021	As at 31 March 2020
Current liabilities		
a) Financial liabilities		
i) Borrowings	16.1	1,847.68
ii) Trade payables		1,544.47
Total outstanding dues of micro enterprises and small enterprises; and	16.2	147.01
Total outstanding dues of creditors other than micro enterprises and small enterprises	16.2	16,589.05
iii) Lease liabilities	16.3	999.66
iv) Other financial liabilities	16.4	5,437.78
b) Income tax liabilities (net)	6 (b)	61.76
c) Other current liabilities	17	917.16
d) Provisions	18	225.73
Total current liabilities	22,917.92	25,860.86
Total equity and liabilities	93,660.07	91,043.75

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

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

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

Sandeep Mehta
Partner
Membership No.: 099410

Place : Mohali
Date : 14 May 2021

For **Monte Carlo Fashions Limited**

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

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

Place : Ludhiana
Date : 14 May 2021

Sandeep Jain
(Executive Director)
(DIN : 00565760)

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

Statement of Profit and Loss for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
I INCOME			
Revenue from operations	19	62,201.73	72,561.32
Other income	20	2,017.07	1,151.79
Total income		64,218.80	73,713.11
II EXPENSES			
Cost of materials consumed	21	14,894.44	17,426.51
Purchases of stock-in-trade	22	16,894.58	23,398.10
Changes in inventories of finished goods, work-in-progress and traded goods	23	1,309.95	(2,510.92)
Employee benefits expense	24	5,988.56	6,961.95
Finance costs	25	1,351.04	1,701.01
Depreciation and amortisation expense	26	3,420.03	3,340.38
Other expenses	27	11,558.13	14,843.16
Total expenses		55,416.73	65,160.19
III Profit before tax (I-II)		8,802.07	8,552.92
IV Tax expense:	28		
(1) Current tax expense		2,393.68	2,337.82
(2) Deferred tax credit		(221.19)	(53.91)
V Profit for the year (III-IV)		6,629.58	6,269.01
VI Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gain/(losses) on defined benefit plan		399.35	(101.85)
Income tax relating to items that will not be reclassified to profit or loss			
Deferred tax on re-measurement gain/(losses) on defined benefit plan		(100.51)	25.63
Other comprehensive income for the year, net of tax		298.84	(76.22)
VII Total comprehensive income for the year		6,928.42	6,192.79
VIII Earnings per equity share (nominal value ₹ 10 each)	31		
Basic		31.98	30.24
Diluted		31.98	30.24

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

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

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

For **Monte Carlo Fashions Limited**

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

Sandeep Jain
(Executive Director)
(DIN : 00565760)

Sandeep Mehta
Partner
Membership No.: 099410

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

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

Place : Mohali
Date : 14 May 2021

Place : Ludhiana
Date : 14 May 2021

Cash Flow Statement for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March 2021	For the year ended 31 March 2020
A. Cash flow from operating activities:		
Profit before tax	8,802.07	8,552.93
Add: Adjustment for non-cash and non-operating items		
Depreciation and amortisation expense	3,420.03	3,340.38
Finance costs*	1,351.04	1,701.01
Interest income	(607.82)	(368.11)
Advances written back	(30.56)	(71.40)
Loss/(profit) on sale of investments (net)	3.36	(41.92)
Loss/(profit) on sale of property, plant and equipment (net)	8.04	(3.01)
Amounts written off	271.02	-
Rent concession	(574.51)	-
Provision for balances with statutory and government authorities	168.46	-
Provision for credit impaired receivables	20.78	51.85
Bad debts	-	27.00
Fair valuation of investments through profit and loss	(529.69)	(635.18)
Operating profit before working capital changes	12,302.22	12,553.54
Adjustments for movement in:		
Changes in trade receivables	1,974.96	(3,310.28)
Changes in inventories	1,464.28	(2,502.42)
Changes in loans (non-current)	(174.32)	23.31
Changes in loans (current)	(1.88)	62.55
Changes in other current assets	99.08	(54.22)
Changes in other non-current assets	54.43	(68.00)
Changes in trade and other payables	(2,864.38)	3,281.10
Changes in other financial liabilities (non-current)	176.37	152.92
Changes in other financial liabilities (current)	(702.93)	(4,427.08)
Changes in other current liabilities	270.58	287.22
Changes in other non-current liabilities	(13.88)	(13.92)
Changes in short-term provisions	(137.35)	(0.04)
Changes in long-term provisions	206.11	(9.81)
Cash generated from operating activities before taxes	12,653.29	5,974.85
Direct taxes paid (net of refunds and demands)	(1,442.38)	(2,319.45)
Net cash generated from operating activities (A)	11,210.91	3,655.40
B. Cash flow from investing activities:		
Purchase of property, plant and equipment (including capital advances and creditors for capital goods)	(1,732.70)	(2,745.87)
Proceeds from sale of property, plant and equipment	23.14	20.79
Proceeds from sale of investments	7,039.27	1,365.09
Bank balances other than cash and cash equivalents		
Placed	(4,233.79)	(1,946.12)
Matured	1,142.29	225.36

Cash Flow Statement contd...

(All amounts in ₹ lakhs, unless stated otherwise)

Interest received	441.83	346.31
Purchase of investments	(10,900.00)	(300.00)
Net cash used in investing activities (B)	(8,219.96)	(3,034.45)
C. Cash flow from financing activities:		
Repayment of long-term borrowings	(458.06)	(437.04)
Proceeds from long-term borrowings	-	950.21
Movement in current borrowings (net)	303.21	(1,629.59)
Payment of lease liabilities	(1,178.79)	(1,466.89)
Dividend paid (including dividend distribution tax)	(1,036.78)	-
Buy back of shares (including buy back expenses)	-	(47.60)
Finance cost paid*	(710.50)	(1,121.16)
Net cash used in financing activities (C)	(3,080.92)	(3,752.06)
Net decrease in cash and cash equivalents (A+B+C)	(89.97)	(3,131.11)
Cash and cash equivalents at the beginning of the year	134.43	3,265.54
Closing cash and cash equivalents	44.46	134.43
Cash and cash equivalents (refer note 9.3) include:		
Cash on hand (including stamps)	21.49	31.54
Balance with banks	22.97	37.13
Deposits with original maturity less than three months	-	65.76
Cash and cash equivalents	44.46	134.43

*Finance cost paid includes interest paid on lease liabilities amounting to ₹ 692.24 for the year ended 31 March 2021 (₹ 634.65 lakhs for the year ended 31 March 2020).

Notes to cash flow statement:

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

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

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

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

Sandeep Mehta
Partner
Membership No.: 099410

Place : Mohali
Date : 14 May 2021

For **Monte Carlo Fashions Limited**

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

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

Place : Ludhiana
Date : 14 May 2021

Sandeep Jain
(Executive Director)
(DIN : 00565760)

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

Statement of changes in equity for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

A. Equity share capital	
As at 1 April 2019	2,073.21
Changes in equity share capital during the year	-
As at 31 March 2020	2,073.21
Changes in equity share capital during the year	-
As at 31 March 2021	2,073.21

B. Other equity
Attributable to the equity holders

Particulars	Other equity					Total
	Capital reserve	Capital redemption reserve	Securities premium	General reserve	Retained earnings	
Balance as at 1 April 2019	0.01	100.00	7,469.76	38,134.09	595.08	46,298.94
Profit for the year	-	-	-	-	6,269.01	6,269.01
Other comprehensive income for the year (net of tax)	-	-	-	-	(76.22)	(76.22)
Total comprehensive income for the year	0.01	100.00	7,469.76	38,134.09	6,787.87	52,491.73
Buy-back related expenses	-	-	-	(47.58)	-	(47.58)
Balance as at 31 March 2020	0.01	100.00	7,469.76	38,086.51	6,787.87	52,444.15
Balance as at 1 April 2020	0.01	100.00	7,469.76	38,086.51	6,787.87	52,444.15
Profit for the year	-	-	-	-	6,629.58	6,629.58
Other comprehensive income for the year (net of tax)	-	-	-	-	298.84	298.84
Total comprehensive income for the year	0.01	100.00	7,469.76	38,086.51	13,716.29	59,372.57
Dividend	-	-	-	-	(1,036.77)	(1,036.77)
Balance as at 31 March 2021	0.01	100.00	7,469.76	38,086.51	12,679.52	58,335.80

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

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

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

Sandeep Mehta
Partner
Membership No.: 099410

Place : Mohali
Date : 14 May 2021

For **Monte Carlo Fashions Limited**

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

1. i) Corporate information

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

ii) Basis of preparation

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

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

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

iii) Significant accounting policies

a) Use of estimates

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

b) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

c) Inventory

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

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

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

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

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

d) Property, plant and equipment

Recognition

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

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

Depreciation

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

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

De-recognition

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

e) Intangible assets

Recognition

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

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

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

Amortisation

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

Intangible assets	Useful life
Software	5 years

De-recognition

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

f) Impairment of non-financial assets

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

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

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

g) Functional and presentation currency

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

Foreign currencies

Transactions and balances

Initial recognition

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

Subsequent measurement

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

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

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

h) Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

i) Revenue recognition

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

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

Sale of goods:

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

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

Interest income:

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

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

Insurance and other claims

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

Benefit under duty drawback scheme

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

Sales return

Refund liability arising from rights to return

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

Right to recover returned goods arising from rights to return

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

j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

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 on the principal amount outstanding.

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

ii. Financial assets at fair value

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

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

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

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

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

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

- l) Retirement and other employee benefits

Defined contribution plan

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

Defined benefit plans

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

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

Other short term benefits

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

m) Provisions and contingent liabilities

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

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

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

n) Earnings per share

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

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

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

o) Leases

The Company has adopted Ind AS 116-Leases effective 1 April 2019, using the modified retrospective approach. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1 April 2019).

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

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

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

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

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

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

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

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

p) **Income taxes**

Current income tax

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

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

Deferred tax

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

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.

s) Segment reporting

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

t) Cash and cash equivalents

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

u) Cash dividend distribution to equity holders

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

v) Significant accounting judgements, estimates and assumptions

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

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

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

Significant judgements:

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

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

(ii) **Expected credit loss**

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

(iii) **Defined benefit obligation (DBO)**

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

(iv) **Recognition of deferred tax assets**

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

Sources of estimation uncertainty:

(i) **Provisions**

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

(ii) **Recoverability of advances/receivables**

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

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

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

w) Recent accounting pronouncements

MCA issued notifications dated 24 March 2021 to amend schedule III to the Companies Act 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1 April 2021.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

2.1 Property, plant and equipment

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Office equipment	Furniture & fixtures	Vehicles	Total
Gross carrying value								
Balance as at 1 April 2019	3,389.29	17.80	11,717.04	16,569.22	599.71	968.35	543.63	33,805.04
Additions during the year	485.80	-	395.50	1,179.36	44.11	75.54	173.63	2,353.94
Disposals during the year	-	-	-	66.55	1.91	-	24.53	92.99
Balance as at 31 March 2020	3,875.09	17.80	12,112.54	17,682.03	641.91	1,043.89	692.73	36,065.99
Additions during the year	-	-	462.60	1,020.85	41.27	43.88	159.86	1,728.46
Disposals during the year	-	-	-	507.04	2.45	6.21	47.54	563.24
Balance as at 31 March 2021	3,875.09	17.80	12,575.14	18,195.84	680.73	1,081.56	805.05	37,231.21
Accumulated depreciation								
Balance as at 1 April 2019	-	0.59	4,152.25	13,394.23	468.38	605.10	329.20	18,949.75
Additions during the year	-	0.18	709.42	1,051.57	64.38	102.27	85.59	2,013.41
Disposals during the year	-	-	-	57.21	1.57	-	16.43	75.21
Balance as at 31 March 2020	-	0.77	4,861.67	14,388.59	531.19	707.37	398.36	20,887.95
Additions during the year	-	0.18	661.10	1,040.93	50.00	90.44	105.80	1,948.45
Disposals during the year	-	-	-	478.73	2.33	5.84	45.16	532.06
Balance as at 31 March 2021	-	0.95	5,522.77	14,950.79	578.86	791.97	459.00	22,304.34
Net carrying amount								
Balance as at 31 March 2020	3,875.09	17.03	7,250.87	3,293.44	110.72	336.52	294.37	15,178.04
Balance as at 31 March 2021	3,875.09	16.85	7,052.37	3,245.05	101.87	289.59	346.05	14,926.87

Notes:

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

2.2 Right-of-use assets

Particulars	Buildings	Total
Gross carrying value		
Balance as at 1 April 2019	-	-
Additions during the year	8,870.80	8,870.80
Balance as at 31 March 2020	8,870.80	8,870.80
Additions during the year	1,374.82	1,374.82
Balance as at 31 March 2021	10,245.62	10,245.62
Accumulated depreciation		
Balance as at 1 April 2019	-	-
Additions during the year	1,285.06	1,285.06
Balance as at 31 March 2020	1,285.06	1,285.06
Additions during the year	1,439.35	1,439.35
Balance as at 31 March 2021	2,724.41	2,724.41
Net carrying amount		
Balance as at 31 March 2020	7,585.74	7,585.74
Balance as at 31 March 2021	7,521.21	7,521.21

Note:

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

3 Capital work-in-progress

Movement in capital work-in-progress	
Balance as at 1 April 2019	2.38
Additions during the year	248.54
Capitalisation during the year	2.38
Balance as at 31 March 2020	248.54
Additions during the year	194.52
Capitalisation during the year	326.62
Balance as at 31 March 2021	116.44
Carrying value	
Balance as at 31 March 2020	248.54
Balance as at 31 March 2021	116.44

Notes:

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

4 Intangible assets

Particulars	Computer software	Total
Gross carrying value		
Balance as at 1 April 2019	224.38	224.38
Additions during the year	5.13	5.13
Balance as at 31 March 2020	229.51	229.51
Additions during the year	10.69	10.69
Balance as at 31 March 2021	240.20	240.20
Accumulated amortisation		
Balance as at 1 April 2019	130.02	130.02
Additions during the year	41.91	41.91
Balance as at 31 March 2020	171.93	171.93
Additions during the year	32.26	32.26
Balance as at 31 March 2021	204.19	204.19
Net carrying amount		
Balance as at 31 March 2020	57.58	57.58
Balance as at 31 March 2021	36.01	36.01

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

5.1 Non current investment

	As at 31 March 2021		As at 31 March 2020	
	Units	Amount	Units	Amount
Investments in mutual funds (fully paid up)				
At fair value through profit and loss				
Quoted				
Birla sun life FTP series PC direct growth (unit of ₹ 10 each)	-	-	2,000,000.00	237.74
ICICI P9230 FMP 82 (1,219 days) plan D DP cumulative (unit of ₹ 10 each)	-	-	2,000,000.00	239.20
ICICI P9233 FMP 82 (1,223 days) plan E DP cumulative (unit of ₹ 10 each)	-	-	2,000,000.00	238.90
ICICI P9244 FMP 82 (1,215 days) plan H DP cumulative (unit of ₹ 10 each)	-	-	2,000,000.00	238.57
Kotak FMP series 216 direct growth INF174K015S7 (unit of ₹ 10 each)	-	-	3,000,000.00	358.17
Kotak FMP series 217 direct growth-INF174K018TP (unit of ₹ 10 each)	-	-	2,000,000.00	238.57
Kotak FMP series 219 direct growth INF174K015U3 (unit of ₹ 10 each)	-	-	2,000,000.00	236.91
SBI debt fund series C8 direct growth (unit of ₹ 10 each)	-	-	2,000,000.00	237.28
UTI fixed term income fund series XXVIII-VI (1,190 days) (unit of ₹ 10 each)	-	-	2,000,000.00	237.79
UTI fixed term income fund series XXVIII-VIII (1,171 days) (unit of ₹ 10 each)	-	-	2,000,000.00	237.77
Kotak FMP series 226 (1,473 days) direct growth INF174K017X3 (unit of ₹ 10 each)	3,000,000.00	392.41	3,000,000.00	360.58
HDFC FMP (1,181 days) INF179KB16C4 (unit of ₹ 10 each)	-	-	3,000,000.00	355.03
ICICI FMP 82 (1,141 days) plan Y DP cumulative (unit of ₹ 10 each)	-	-	3,000,000.00	354.88
Grand total		392.41		3,571.39
Aggregate cost of quoted investments		300.00		3,000.00
Aggregate market value of quoted investments		392.41		3,571.39

Notes:

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

	As at 31 March 2021	As at 31 March 2020
5.2 Loans (non-current)		
(Unsecured considered good, unless otherwise stated)		
Security deposits	577.11	402.78
	577.11	402.78

Note:

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

5.3 Other financial assets (non-current)

	As at 31 March 2021	As at 31 March 2020
Non-current bank balances*	1,005.21	812.44
	1,005.21	812.44

*Non-current bank balances includes nil (as at 31 March 2020: ₹ 8.80 lakhs) taken from State Bank of India and ₹ 5.21 lakhs (as at 31 March 2020: ₹ 4.64) taken from Federal Bank pledged against the utilisation of non fund based limits.

Notes:

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2021	As at 31 March 2020
6 a) Income tax assets (net)		
Advance income-tax [net of provisions]	-	889.54
	-	889.54
b) Income tax liabilities (net)		
Income tax liability (net of advance tax)	61.76	-
	61.76	-
7 Other non-current assets		
Capital advances	133.91	3.57
Prepaid gratuity	75.33	-
Prepaid expenses	38.67	168.43
	247.91	172.00
8 Inventories		
(Valued at lower of cost or net realisable value, unless otherwise stated)		
Raw materials	2,919.24	3,056.06
Work-in-progress	633.86	859.21
Finished goods (including traded goods)	13,638.37	14,271.82
Right to recover returned goods	2,281.58	2,732.73
Stores and spares	680.87	698.39
	20,153.92	21,618.21

Note:

i) Refer note 32 for information on assets pledged as security by the Company.

9.1 Current investments

	As at 31 March 2021		As at 31 March 2020	
	Units	Amount	Units	Amount
Investments in mutual funds (fully paid up)				
At fair value through profit and loss				
Quoted				
Nippon India fixed horizon fund XXXIII- series 9 direct growth plan (unit of ₹ 10 each)	-	-	5,000,000.00	625.91
ICICI FMP P8078 corporate bond fund DP growth (unit of ₹ 20.57 each)	971,954.26	228.47	971,954.26	208.29
ICICI FMP P8104 banking & PSU debt direct plan growth (unit of ₹ 22.61 each)	442,370.22	113.32	442,370.22	103.49
ICICI prudential FMP - series 80 (1,231 days) plan P direct plan cumulative (unit of ₹ 10 each)	-	-	2,000,000.00	250.74
Nippon India fixed horizon fund XXXIII- series 6 direct growth plan (unit of ₹ 10 each)	-	-	3,000,000.00	373.57
Birla sun life fixed term plan series ok (1,135 days) growth direct (unit of ₹ 10 each)	-	-	3,000,000.00	372.45
Birla sun life corporate bond fund growth regular (unit of ₹ 11.81 each)	-	16.85	4,232,553.42	612.02
Birla sun life medium term plan growth direct plan (unit of ₹ 20.69 each)	-	32.77	2,416,100.90	591.53

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

Birla sun life treasury optimizer plan growth direct plan (unit of ₹ 208.15 each)	-	-	96,083.26	256.51
HDFC corporate debt opportunities fund direct growth (unit of ₹ 13.79 each)	-	-	2,175,315.97	379.44
ICICI prudential income opportunities fund direct plan growth (unit of ₹ 23.08 each)	-	-	1,299,573.31	378.03
IDFC corporate bond fund direct plan growth (unit of ₹ 11.15 each)	-	-	2,690,028.07	375.60
IDFC dynamic bond fund direct plan growth (unit of ₹ 20.53 each)	-	-	2,435,341.68	651.39
IDFC monthly income plan growth (direct plan) (unit of ₹ 19.82 each)	-	-	1,513,676.06	344.12
Nippon India strategic debt fund direct growth plan (unit of ₹ 13.24 each)	3,775,693.60	429.53	3,775,693.60	420.60
SBI dynamic bond fund direct growth plan (unit of ₹ 20.90 each)	-	-	1,435,557.81	392.47
UTI dynamic bond fund direct growth plan (unit of ₹ 19.34 each)	2,584,954.53	580.06	2,584,954.53	542.01
Kotak income opportunities fund growth (regular plan) (unit of ₹ 17.78 each)	-	-	2,811,753.13	617.20
Kotak medium term fund direct plan - growth (unit of ₹ 13.81 each)	-	-	2,172,732.21	373.44
UTI income opportunities fund direct growth plan (unit of ₹ 15.52 each)	3,222,417.72	421.77	3,222,417.72	467.87
IDFC monthly income plan ISIN No: INF194K (unit of ₹ 20.50 each)	975,647.83	258.63	975,647.83	221.80
IDFC super saver income fund growth INF19 (unit of ₹ 29.06 each)	1,032,215.44	398.92	1,032,215.44	370.19
HDFC corporate bond fund - direct plan - growth option INF179K01XD8M (unit of ₹ 18.53 each)	1,079,132.81	271.76	1,079,132.81	249.10
ICICI prudential bond fund direct plan (unit of ₹ 23.95 each)	835,093.99	267.24	835,093.99	242.92
HDFC corporate bond fund - direct plan - growth option INF179K01XD8M (unit of ₹ 18.57 each)	1,615,221.85	406.77	1,615,221.85	372.85
HDFC corporate bond fund - direct plan - growth option INF179K01XD8M (unit of ₹ 25.07 each)	1,196,670.00	301.36	-	-
HDFC FMP (1,181 days) INF179KB16C4 (unit of ₹ 10 each)	3,000,000.00	378.56	-	-
HDFC corporate bond fund - direct plan - growth option INF179K01XD8M (unit of ₹ 24.98 each)	3,603,011.49	907.36	-	-
AXIS Banking & PSU Debt Fund-Direct Growth (unit of ₹ 2083.03 each)	12,001.77	251.77	-	-
AXIS Short Term Fund-Direct Plan-Growth (unit of ₹ 25.22 each)	1,189,680.20	302.20	-	-
AXIS Banking & PSU Debt Fund-Direct Growth (unit of ₹ 2080.51 each)	24,032.54	504.15	-	-
ICICI P9230 FMP 82 (1,219 days) plan D DP cumulative (unit of ₹ 10 each)	2,000,000.00	253.54	-	-
ICICI P9233 FMP 82 (1,223 days) plan E DP cumulative (unit of ₹ 10 each)	2,000,000.00	252.77	-	-
ICICI P9244 FMP 82 (1,215 days) plan H DP cumulative (unit of ₹ 10 each)	2,000,000.00	253.60	-	-
ICICI FMP 82 (1,141 days) plan Y DP cumulative (unit of ₹ 10 each)	3,000,000.00	376.36	-	-
ICICI Corporate Bond Fund - Direct plan - Growth Option (unit of ₹ 22.68 each)	881,887.34	207.30	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

ICICI Prudential Banking & PSU Debt Fund- Direct plan- Growth Option (unit of ₹ 24.76 each)	403,808.10	103.44	-	-
ICICI FMP P8078 Corporate Bond Fund Dp Growth (unit of ₹ 23.31 each)	1,716,144.15	403.41	-	-
ICICI FMP P8078 Corporate Bond Fund Dp Growth (unit of ₹ 23.33 each)	3,429,117.68	806.08	-	-
IDFC Corporate Bond Fund- Direct plan - Growth Option (unit of ₹ 14.82 each)	1,349,241.69	206.00	-	-
IDFC Banking & PSU Debt Fund-Direct Plan-Growth (unit of ₹ 18.02 each)	2,775,449.48	542.34	-	-
IDFC Bond Fund -Short term Plan (unit of ₹ 46.57 each)	1,073,651.00	503.14	-	-
IDFC Corporate Bond Fund- Direct plan - Growth Option (unit of ₹ 15.23 each)	3,610,490.54	551.24	-	-
IDFC Banking & PSU Debt Fund-Direct Plan-Growth (unit of ₹ 19.41 each)	1,545,199.00	301.94	-	-
IDFC Banking & PSU Debt Fund-Direct Plan-Growth (unit of ₹ 19.34 each)	2,584,972.29	505.12	-	-
IDFC Regular Savings Fund-Growth-(Direct Plan) (unit of ₹ 26.55 each)	1,129,857.22	299.50	-	-
IDFC Regular Savings Fund-Growth-(Direct Plan) (unit of ₹ 26.61 each)	1,503,429.88	398.53	-	-
IDFC Gilt 2027 Index Fund Direct Plan-Growth (unit of ₹ 10.00 each)	1,999,900.01	200.51	-	-
IDFC Corporate Bond Fund Direct Plan-Growth (unit of ₹ 15.13 each)	3,305,532.42	504.68	-	-
IDFC Bond Fund -Short term Plan-Growth-(Direct Plan) (unit of ₹ 46.45 each)	1,076,466.06	504.46	-	-
Kotak FMP series 216 direct growth INF174K015S7 (unit of ₹ 10 each)	3,000,000.00	382.79	-	-
Kotak FMP series 217 direct growth-INF174K018TP (unit of ₹ 10 each)	2,000,000.00	254.70	-	-
Kotak Corporate Bond Fund Direct Growth (unit of ₹ 2959.12 each)	10,138.14	302.58	-	-
Kotak Corporate Bond Fund Direct Growth (unit of ₹ 2958.67 each)	16,899.47	504.39	-	-
Kotak FMP series 219 direct growth INF174K015U3 (unit of ₹ 10 each)	2,000,000.00	251.47	-	-
SBI debt fund series C8 direct growth (unit of ₹ 10 each)	2,000,000.00	251.82	-	-
SBI Dynamic Bond Fund- Direct plan- Growth option (unit of ₹ 28.64 each)	349,170.16	101.98	-	-
SBI Corporate Bond Fund LD566G Direct Plan-Growth (unit of ₹ 12.20 each)	3,278,202.00	400.41	-	-
SBI Corporate Bond Fund LD566G Direct Plan-Growth (unit of ₹ 12.13 each)	7,419,569.37	906.24	-	-
UTI fixed term income fund series XXVIII-VI (1,190 days) (unit of ₹ 10 each)	2,000,000.00	252.23	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

UTI fixed term income fund series XXVIII-VIII (1,171 days) (unit of ₹ 10 each)	2,000,000.00	252.55	-	-
Birla Sun Life, FTP, Series PC- Direct Growth (unit of ₹ 10.00 each)	2,000,000.00	252.98	-	-
Grand total		17,359.59		9,793.54
Aggregate cost of quoted investments		16,100.00		8,300.00
Aggregate market value of quoted investments		17,359.59		9,793.54

Notes:

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

	As at 31 March 2021	As at 31 March 2020
9.2 Trade receivables		
Unsecured, considered good*	22,949.97	25,216.72
Unsecured, credit impaired	72.63	51.85
	23,022.60	25,268.57
Less: Provision for credit impaired receivables	(72.63)	(51.85)
	22,949.97	25,216.72
*Includes amounts due from entities in which directors of the Company are able to exercise control or have significant influence (refer note 40)	9.14	0.47
Movement in the provision for expected credit loss		
Balance at the beginning of the year	51.85	-
Add: Allowance provided during the year (refer note 27)	20.78	51.85
Balance at the end of the year	72.63	51.85

Notes:

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

9.3 Cash and cash equivalents

Cash on hand	21.49	31.54
Balance with banks	22.97	37.13
Deposits with original maturity less than three months	-	65.76
	44.46	134.43

Note:

- Refer note 32 for information on assets pledged as security by the Company.

9.4 Bank balances other than cash and cash equivalents

Unpaid dividend account	16.61	13.09
Deposits with original maturity more than three months but remaining maturity of less than twelve months	4,024.41	1,129.20
	4,041.02	1,142.29

Notes:

- Deposits with original maturity more than three months but remaining maturity of less than twelve months includes ₹ 23.10 lakhs (as at 31 March 2020: ₹ 14.30 lakhs) taken from State Bank of India and ₹ 416.11 lakhs (as at 31 March 2020: 16.90) taken from Federal Bank are pledged against the utilisation of non fund based limits.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

- ii) Other bank balances include ₹ 16.61 lakhs (as at 31 March 2020: ₹ 13.09 lakhs) held in dividend accounts which is not available for use by the Company.
- iii) Refer note 32 for information on assets pledged as security by the Company.

9.5 Loans (current)	As at 31 March 2021	As at 31 March 2020
(Unsecured considered good, unless otherwise stated)		
Loan to employees	43.00	48.53
Security deposits	15.37	7.96
	58.37	56.49

Notes:

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

9.6 Other financial assets

Interest accrued but not due on fixed deposits	189.37	23.38
Interest subsidy receivable	158.72	112.31
	348.09	135.69

Notes:

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

10 Other current assets

Advances to suppliers*	1,443.56	1,506.79
Prepaid expenses	105.53	140.23
Balances with statutory and government authorities	1,458.83	1,289.92
Less: Provision	(168.46)	-
Other recoverables	129.73	299.79
	2,969.19	3,236.73
*Includes amounts due from entities in which directors of the Company are able to exercise control or have significant influence (refer note 40)	4.24	63.00

Note:

- i) Refer note 32 for information on assets pledged as security by the Company.

11 Equity share capital

Authorised capital

25,000,000 equity shares of ₹ 10 each (as at 31 March 2020: 25,000,000)	2,500.00	2,500.00
	2,500.00	2,500.00
Issued, subscribed and fully paid up		
20,732,064 equity shares of ₹ 10 each (as at 31 March 2020: 20,732,064)	2,073.21	2,073.21
	2,073.21	2,073.21

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

Notes:

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

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning and end of the year	20,732,064	2,073.21	20,732,064	2,073.21

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

iii) Shareholders holding more than 5% of the shares

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% of share holding	Number of shares	% of share holding
Girnar Investments Limited*	6,644,656	32.05	46,719	0.22
Sidhant and Mannat Company Limited*	-	-	6,282,995	30.31
Simran and Shanaya Company Limited	4,404,000	21.24	4,404,000	21.24
Kanchi Investments Limited	496,746	2.39	1,948,206	9.40
Nahar Capital and Financial Services Limited	1,651,215	7.96	1,651,215	7.96
	13,196,617	63.64	14,333,135	69.13

*Sidhant and Mannat Company Limited has been merged into Girnar Investments Limited, as per scheme of Merger and Amalgamation as approved by the Regional Director, Ministry of Corporate Affairs, New Delhi w.e.f. 1 January 2021.

iv) The Company does not have any holding or subsidiary Company.

v) The Company has not issued any share pursuant to a contract without payment being received in cash in the current year and preceding five years. The Company has not issued any bonus shares in the current year and preceding five years.

	As at 31 March 2021	As at 31 March 2020
12 Other equity		
i) Capital reserve		
Balance at the beginning of the year	0.01	0.01
Add: Additions during the year	-	-
Balance at the end of the year	0.01	0.01
ii) Capital redemption reserve		
Balance at the beginning of the year	100.00	100.00
Add: Additions during the year	-	-
Balance at the end of the year	100.00	100.00
iii) Securities premium		
Balance at the beginning of the year	7,469.76	7,469.76
Add: Additions during the year	-	-
Balance at the end of the year	7,469.76	7,469.76

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2021	As at 31 March 2020
iv) General reserve		
Balance at the beginning of the year	38,086.51	38,134.09
Less: Buy-back related expenses	-	(47.58)
Balance at the end of the year	38,086.51	38,086.51
v) Retained earnings		
Balance at the beginning of the year	6,787.87	595.08
Add: Profit for the year	6,629.58	6,269.01
Add: Other comprehensive income for the year (net of tax)	298.84	(76.22)
Less: Dividend*#		(1,036.77)-
Balance at the end of the year	12,679.52	6,787.87
Total other equity (i+ii+iii+iv+v)	58,335.80	52,444.15

* Board of Directors have recommended a final dividend of 150% (₹ 15 per equity share having face value of ₹ 10 each) as at 31 March 2021 (as at 31 March 2019: 50%), subject to the approval of shareholders in ensuring Annual General Meeting. In accordance with the Indian Accounting Standard 10 - Events after the Reporting Period, proposed dividend for the current year and dividend distribution tax thereon has not been recognised as a distribution of profits in the current year's accounts.

Transaction with owners in their capacity as owners.

Nature and purpose of reserves

Capital reserve

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

Capital redemption reserve

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

Securities premium

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

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.

13.1 Borrowings (non-current)

(Secured)	As at 31 March 2021	As at 31 March 2020
Term loan from banks	1,633.09	2,091.14
Less: current maturities (refer note 16.4)	460.40	460.40
	1,172.69	1,630.74

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

Notes:

i) Refer note 36 and 37 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

ii) Security for term loans:

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

Primary security:

First pari-passu charge on the Company's entire present and future movable and immovable property, plant and equipment 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 ₹ 1,332.00 lakhs by State Bank of India:

Primary security:

Hypothecation of all property, plant and equipment (present & future) including plant & machinery purchased from fresh term loan and equitable mortgage of properties.

Collateral security:

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

Personal guarantee:

Shri. Jawahar Lal Oswal

iii) Terms of repayment

Repayment terms of the loans are as follows:

- a) Term loan from State Bank of India amounting to ₹ 771.53 lakhs (as at 31 March 2020: ₹ 1,025.58 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 1.50 % above six months marginal cost of lending rate (MCLR), present effective rate 8.45% p.a with monthly rests, is repayable in 12 quarterly instalments of ₹ 64.10 lakhs each which would be due for repayment on 31 March 2024.
- b) Term loan from State Bank of India amounting to ₹ 861.56 lakhs (as at 31 March 2020: ₹ 1065.56 lakhs) [sanctioned amount ₹ 1,332 lakhs and disbursed amount ₹ 1,225 lakhs] repayment of which commenced from 8 September 2019 carrying interest rate of 1.50 % above six months marginal cost of lending rate (MCLR), present effective rate 8.45% p.a with monthly rests, is repayable in 16 monthly instalments of ₹ 51 lakhs each and last installment of ₹ 45.56 lakhs which would be due for repayment on 8 September 2025.

	As at 31 March 2021	As at 31 March 2020
13.2 Lease liabilities (non-current)		
Lease liabilities	7,195.32	7,038.90
	7,195.32	7,038.90

Notes:

- i) Refer note 42 for information related to lease liabilities.
- ii) Refer note 36 and 37 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

13.3 Other financial liabilities

Security deposits from customers	1,861.86	1,685.49
	1,861.86	1,685.49

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

Note:

- i) Refer note 36 and 37 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

	As at 31 March 2021	As at 31 March 2020
14 Other non-current liabilities		
Deferred income-government grant	103.27	117.15
	103.27	117.15
15 Provisions (non-current)		
Provision for gratuity (refer note 33)	-	193.25
	-	193.25
16.1 Borrowings (current)		
(Secured)		
Working capital loans and overdraft borrowings from banks	1,847.68	1,544.47
	1,847.68	1,544.47

Notes:

- i) Refer note 36 and 37 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.
- ii) **Details of rate of interest, terms of repayment and security for working capital (cash credit) loans from banks:**
Working capital loans from State Bank of India amounting to ₹ 765.46 lakhs (as at 31 March 2020: ₹ 1,044.47 lakhs) is carrying interest rate of 0.15 % above six months marginal cost of lending rate (MCLR), present effective rate 7.10 % p.a with monthly rests.

Terms of repayment:

Working capital loans are repayable on demand.

Primary security:

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

Collateral security:

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

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

Personal guarantee: Shri. Jawahar Lal Oswal

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

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

Overdraft borrowings from Federal Bank amounting to nil (as at 31 March 2020: ₹ 500.00 lakhs) is carrying interest rate of 7.70 % (Repo rate + 3.70 %).

Terms of repayment:

Overdraft borrowings are repayable on demand.

Primary security:

First pari-passu charge created on mutual funds and first pari-passu charge created on current assets with Federal Bank.

Collateral security:

Second pari-passu charge on property measuring 14,278 sq. yards at Sherpur Kalan, GT Road, Ludhiana (Sale deed no. 14397 dated 13 October 2011).

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

Overdraft borrowings from HDFC Bank amounting to ₹ 1,082.22 (as at 31 March 2020: nil) is carrying interest rate of 6.50 % (Repo rate + 3.30 %).

Terms of repayment:

Overdraft borrowings are repayable on demand.

Primary security:

Debt based mutual funds

v) **Debt reconciliation statement in accordance with Ind AS 7:**

	Lease liabilities	Long-term borrowings*	Short-term borrowings	Total
As at 1 April 2019	-	1,577.96	3,174.06	4,752.02
Cash flows:				
Proceeds from borrowings	-	950.21	-	950.21
Repayment of borrowings	-	(437.04)	(1,629.59)	(2,066.63)
Payment of lease liabilities	(1,466.89)	-	-	(1,466.89)
Non-cash:				
Adjustment on adoption of Ind AS 116	8,870.80			8,870.80
Reclassification on adoption of Ind AS 116 [interest expense]	634.65	-	-	634.65
As at 1 April 2020	8,038.56	2,091.14	1,544.47	11,674.16
Cash flows:				
Proceeds from borrowings	-	-	-	-
Repayment of borrowings	-	(458.06)	303.21	(154.85)
Payment of lease liabilities	(1,871.03)	-	-	(1,871.03)
Non-cash:				
Additions on account of new leases during the year (net)	918.05	-	-	918.05
Rent concessions	574.51			574.51
Reclassification on account of new leases during the year (interest expense)	692.24	-	-	692.24
As at 31 March 2021	8,352.33	1,633.08	1,847.68	11,833.08

(* Long-term borrowings include current maturities)

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2021	As at 31 March 2020
18 Provisions (current)		
Provision for gratuity (refer note 33)	-	102.40
Provision for discount*	88.38	123.33
	88.38	225.73
*Movement in provisions		Provision for discount
Balance as at 1 April 2019		53.14
Add: Provision recognised during the year		123.33
Less: Provision utilised during the year		53.14
Balance as at 31 March 2020		123.33
Balance as at 1 April 2020		123.33
Add: Provision recognised during the year		88.38
Less: Provision utilised during the year		123.33
Balance as at 31 March 2021		88.38

19. Revenue from operations

Disaggregated revenue information

Sale of products (refer notes below)

Export	32.24	75.29
Domestic	62,087.76	72,370.80
	62,120.00	72,446.09
Other operating revenue		
Insurance recovered from customers	67.85	101.31
Government grants	13.88	13.92
	62,201.73	72,561.32

Note:

Refer note 41 for reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price.

20. Other Income

Interest income		
from banks	293.07	48.38
others	241.18	319.73
Net gain on foreign currency transaction	2.23	-
Interest on income-tax refund	73.57	-
Rent concessions	574.51	-
Profit on sale of property, plant and equipment (net)	-	3.01
Profit on sale of investments measured at FVTPL	-	41.92
Fair valuation of investments measured at FVTPL	529.69	635.18
CST/VAT refund	88.11	42.54
Miscellaneous	214.71	61.03
	2,017.07	1,151.79

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March 2021	For the year ended 31 March 2020
21. Cost of materials consumed		
Opening stock of raw materials	3,056.06	3,154.24
Add: Purchases of raw materials during the year	14,757.62	17,328.33
	17,813.68	20,482.57
Less: Closing stock of raw materials	2,919.24	3,056.06
	14,894.44	17,426.51
22. Purchases of stock-in-trade		
Purchases of stock-in-trade	16,894.58	23,398.10
	16,894.58	23,398.10
23. Changes in inventories of finished goods, work-in-process and traded goods		
Opening stock		
Finished goods (including traded goods)	14,271.82	12,453.21
Right to recover returned goods	2,732.73	2,170.43
Work-in-process	859.21	729.20
	17,863.76	15,352.84
Closing stock		
Finished goods (including traded goods)	13,638.37	14,271.82
Right to recover returned goods	2,281.58	2,732.73
Work-in-process	633.86	859.21
	16,553.81	17,863.76
	1,309.95	(2,510.92)
24 Employee benefits expense		
Salary, wages and bonus	5,188.97	6,053.50
Contribution to provident and other funds (refer note 33)	620.98	649.11
Staff welfare expenses	178.61	259.34
	5,988.56	6,961.95
25 Finance costs		
At amortised cost		
Interest expense		
to banks	436.32	917.88
others*	912.85	781.14
Other borrowings cost	1.87	1.99
	1,351.04	1,701.01
*Includes finance cost on lease liability amounting to ₹ 692.24 lakhs for the year ended 31 March 2021 (for the year ended 31 March 2020: ₹ 634.65).		
26 Depreciation and amortisation expense		
Depreciation on property, plant and equipment (refer note 2.1)	1,948.27	2,013.23
Amortisation on intangible assets (refer note 4)	32.24	41.91
Amortisation on leasehold land (refer note 2.1)	0.18	0.18
Depreciation on Right-of-use asset (refer note 2.2)	1,439.34	1,285.06
	3,420.03	3,340.38

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March 2021	For the year ended 31 March 2020
27 Other expenses		
Power and fuel	499.02	584.87
Consumption of stores and spares parts	3,595.71	4,309.77
Rent	310.49	373.85
Repairs to		
building	56.49	76.74
machinery	106.69	157.63
others	409.82	451.74
Insurance	123.14	133.97
Legal and professional expenses [refer note (i) below]	111.25	159.66
Rates and taxes	29.51	33.39
Travelling and conveyance	129.75	492.23
Processing charges	1,144.26	1,294.33
Commission on sale	1,465.97	1,522.74
Freight and forwarding expenses	1,132.73	990.29
Advertisement and Business Promotions expenses	1,100.15	3,006.79
Amounts written off	271.01	-
Net loss on foreign currency transaction	-	16.80
Provision for credit impaired receivables	20.78	51.85
Credit impaired receivables	-	27.00
Communication expenses	35.63	42.83
Corporate social responsibility expenses (refer note 34)	179.61	162.48
Loss on sale of property, plant and equipment (net)	8.04	-
Loss on sale of investments (net)	3.36	-
Provision for balances with statutory and government authorities	168.46	-
Miscellaneous expenses	656.26	954.20
	11,558.13	14,843.16
Note:		
i) Legal and professional expenses includes payment to auditors		
As auditor:		
audit fee	32.00	32.00
tax audit	1.65	1.65
out of pocket expenses	1.06	2.48
	34.71	36.13
28. Income tax expense (refer notes below)		
Tax expense recognized in the statement of profit and loss		
Current tax		
Current tax expense	2,393.68	2,337.82
Total current tax expense	2,393.68	2,337.82
Deferred tax		
Deferred tax credit	(221.19)	(53.91)
Total deferred tax credit	(221.19)	(53.91)
Total income tax expense	2,172.49	2,283.91

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Notes:		
i) Reconciliation of tax liability on book profit vis-à-vis actual tax liability		
Accounting profit before income tax	8,802.07	8,552.92
Enacted tax rate	25.17%	25.17%
Current tax expenses on profit before tax at the enacted income tax rate in India	2,215.31	2,152.60
Non-deductible differences	49.92	44.54
Tax on income at different rates	(200.52)	(36.86)
Difference due to change in rate of tax	-	196.72
Other adjustments	107.78	(73.09)
Income tax expense reported in the statement of profit and loss	2,172.49	2,283.91

ii) The movement in deferred tax assets and liabilities during the year ended 31 March 2021 and 31 March 2020

	Balance Sheet		Statement of Profit and Loss	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Accelerated depreciation for tax purposes	(341.55)	(289.92)	(51.63)	13.29
Refund liabilities (net of right to receive goods)	(268.30)	(293.36)	25.06	12.33
Provision for discount	(22.24)	(31.06)	8.82	(12.49)
Employee benefits	(15.95)	(15.95)	-	-
Expenditure incurred u/s 43B of the Income-tax Act, 1961	(144.52)	(147.13)	2.61	(58.20)
Fair valuation of investments	(83.05)	42.16	(125.21)	(35.89)
Other items	(36.68)	(37.40)	0.72	20.36
Change in tax rates	-	(18.95)	18.95	(18.95)
Deferred tax expense			(120.68)	(79.55)
Net deferred tax asset	(912.29)	(791.61)		
Reflected in balance sheet as follows				
Deferred tax assets	(912.29)	(833.77)		
Deferred tax liabilities	-	42.16		
Deferred tax assets (net)	(912.29)	(791.61)		

iii) Reconciliation of deferred tax assets	31 March 2021	31 March 2020
Opening balance	(791.61)	(712.06)
Tax income during the year recognised in statement of profit or loss	(221.19)	(53.91)
Tax expense/(income) during the year recognised in other comprehensive income	100.51	(25.63)
Closing balance	(912.29)	(791.61)

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 2021

(All amounts in ₹ lakhs, unless stated otherwise)

The Taxation Laws (Amendment) Act, 2019 has amended the Income-tax Act, 1961 to provide an option to the Company to pay income-tax at concessional rate of 22% plus applicable surcharge and cess, subject to certain specified conditions, as compared to the present rate of 30% plus applicable surcharge and cess for the assessment year 2020-21 onwards. The Company has availed the lower tax rate during the previous year ended 31 March 2020 and accordingly remeasured deferred tax at such concessional rate resulting in reversal of its deferred tax asset to the extent of ₹ 196.72 lakhs.

	As at 31 March 2021	As at 31 March 2020
29. Contingent Liabilities		
There are contingent liabilities in respect of :		
a) Claims against the Company not acknowledged as debt		
Indirect tax litigations - As against these litigations, the Company has deposited nil (as at 31 March 2020: ₹ 2.31 lakhs) under protest.		
The Company is contesting these claims at various levels.	-	3.80

Note:

- i) Pursuant to judgement by the Hon'ble Supreme Court of India dated 28 February, 2019, it was held that basic wages, for the purpose of provident fund, should include certain allowances which are common for all employees. However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies and accordingly, the Company has not provided for any liability on account of this.

30. Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits)	10.11	17.32
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31. Earnings per share (Ind AS 33)

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

	For the year ended 31 March 2021	For the year ended 31 March 2020
Earnings per share (refer note below):		
Profit attributable to the equity shareholders (A)	6,629.58	6,269.01
Total number of shares outstanding at the end of the year	207.32	207.32
Weighted-average number of equity shares (B)		
Basic	207.32	207.32
Diluted	207.32	207.32
Earnings per share (₹) (A/B) - Basic and diluted		
Basic	31.98	30.24
Diluted	31.98	30.24
Face value per equity share (₹)	10.00	10.00

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

32 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	As at 31 March 2021	As at 31 March 2020
Current assets		
Financial assets		
Floating charge		
Investments	17,359.59	9,793.54
Trade receivables	22,949.97	25,216.72
Cash and cash equivalents	44.46	134.43
Bank balances other than as cash and cash equivalents	4,041.02	1,142.29
Loans	43.00	48.53
Other financial asset	348.09	135.69
Non financial assets		
Floating charge		
Inventories	20,153.92	21,618.21
Other current assets	2,969.19	3,236.73
Total current assets pledged as security	67,909.24	61,326.14
Non-current assets		
Financial assets		
First charge		
Investment	392.41	3,571.39
Other financial assets	1,005.21	812.44
Non financial assets		
First charge		
Property, plant and equipment	14,926.87	15,178.03
Capital work-in-progress	116.44	248.54
Total non-current assets pledged as security	16,440.93	19,810.40

33 Employee benefits

a) Defined contribution plan

The Company makes contribution towards employee's provident fund, employee's state insurance and labour welfare fund schemes. The Company has recognised ₹ 398.67 lakhs (for the year ended 31 March 2020: ₹ 487.95 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.

(i) Changes in defined benefit obligation

Present value obligation as at the beginning of the year	1,609.04	1,303.79
Interest cost	112.20	105.36
Current service cost	198.90	161.16
Actuarial loss/(gain) - experience adjustments	(184.15)	6.26

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2021	As at 31 March 2020
Actuarial loss/(gain) - financial assumptions	(215.20)	86.17
Benefits paid	(155.96)	(53.70)
Present value obligation as at the end of the year	1,364.83	1,609.04
(ii) Change in fair value of plan assets		
Fair value of plan assets as at the beginning of the year	1,313.39	1,029.95
Interest income on plan assets	88.79	80.75
Employer contributions	192.16	265.81
Return on plan assets less than discount rate	-	(9.42)
Benefits paid	(155.96)	(53.70)
Fair value of plan assets as at the end of the year	1,438.38	1,313.39
(iii) Breakup of actuarial loss/(gain):		
Actuarial loss/(gain) - financial assumptions	(215.20)	86.17
Actuarial loss/(gain) - experience adjustments	(184.15)	6.26
Return on plan assets less than discount rate	-	9.42
	(399.35)	101.85
(iv) Net liability recognised in the balance sheet		
Present value obligation as at the end of the year	(1,364.83)	(1,609.04)
Fair value of plan assets as at the end of the year	1,438.38	1,313.39
Net asset/(liability) in the balance sheet	73.55	(295.65)
(v) Current/non-current bifurcation		
Current portion	-	(102.40)
Non-current portion	73.55	(193.25)
Asset/(liability) recognised in the balance sheet	73.55	(295.65)
(vi) Amount recognized in the statement of profit and loss		
Current service cost	198.90	161.16
Interest cost	112.20	105.36
Interest income on plan assets	(88.79)	(80.75)
Expense recognised in the statement of profit and loss	222.31	185.77
(vii) Remeasurements recognised in the statement of other comprehensive income		
Changes in financial assumptions	(215.20)	86.17
Changes in experience adjustments	(184.15)	6.26
Return on plan assets less than discount rate	-	9.42
Amount recognised in other comprehensive income	399.35	(101.85)
(viii) Actuarial assumptions		
Discount rate (p.a.)	7.09%	6.77%
Salary escalation rate (p.a.)	8.00%	For first year - nil Thereafter - 10.00%
Expected return on plan assets	7.09%	6.77%
Employee turnover rate	2.00%	2.00%
Retirement age	62 years	62 years
Mortality rate	"Indian Assured Lives Mortality (2012-14) (modified) ultimate	"Indian Assured Lives Mortality (2012-14) (modified) ultimate

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

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.

	As at 31 March 2021	As at 31 March 2020
(ix) Sensitivity analysis for gratuity liability		
The sensitivity of the overall plan obligations to changes in the weighted key assumptions are:		
Present value of obligation at the end of the year		
Impact of the change in discount rate (p.a)		
Impact due to decrease of 0.50%	246.05	111.65
Impact due to increase of 0.50%	(232.62)	(98.50)
Impact of change in salary escalation rate (p.a)		
Impact due to increase of 0.50%	209.08	67.95
Impact due to decrease of 0.50%	(199.12)	(62.38)
(x) Expected future cash flows		
The expected future cash flows in respect of gratuity are as follows:		
The followings are the expected future benefit payments for the defined benefit plan		
Upto 1 year period	65.72	105.81
1-2 years	53.96	44.66
2-3 years	58.02	98.09
3-4 years	57.86	58.34
4-5 years	84.46	63.73
Above 5 years	421.90	425.26
(xi) Category of plan assets		
LIC of India - Group Gratuity Cash Accumulation Fund	100.00%	100.00%
Kotak Life Insurance		-

(xii) Expected contribution

The expected future employer contributions for defined benefit plan is ₹ 74.61 lakhs (for the year ended 31 March 2020: ₹ 496.33 lakhs).

34. Corporate Social Responsibility

The Company for its Corporate Social Responsibility ("CSR") has joined hands with other group companies and agreed to spend on CSR activities through a recognized charitable organization, M/s. Oswal Foundation. The Company would contribute its CSR contribution time to time to Oswal Foundation for the CSR activities undertaken by them. Apart from this, Company has also contributed to other trust/organization towards CSR activities. During the year, the Company has contributed ₹ 179.61 lakhs (Previous year: ₹ 162.48 lakhs) towards CSR activities.

In accordance with the provisions of section 135 of the Companies Act 2013, the Board of Directors of the Company had constituted a Corporate Social Responsibility (CSR) committee and disclosures towards CSR activities are as follows:

	For the year ended 31 March 2021	For the year ended 31 March 2020
(a) Gross amount required to be spent by the Company as per section 135 of the Act.	179.61	162.48
(b) Amount spent during the year on:		
paid in cash/cash equivalents*	179.61	162.48
unspent amount provided during the current year	-	-
	179.61	162.48
*Including contribution with Oswal Foundation (refer note 40)	179.61	161.43

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

35. Dues to micro and small enterprises

On the basis of confirmations obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:

Particulars	As at 31 March 2021	As at 31 March 2020
Principal amount due to suppliers under MSMED Act, 2006	73.84	91.92
Interest accrued and due to suppliers under MSMED Act, 2006 on above amount	18.68	15.01
Payment made to suppliers (other than interest) beyond appointed day during the year	-	-
Interest paid to suppliers under MSMED Act, 2006	-	-
Interest due and payable to suppliers MSMED Act, 2006 towards payments already made	-	-
Interest accrued and remaining unpaid as at end of the accounting year	73.77	55.09
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

36. Fair value measurements

(a) Financial instruments by category

Particulars	31 March 2021			31 March 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets (non-current)						
Investments	392.41	-	-	3,571.39	-	-
Loans	-	-	577.11	-	-	402.78
Other financial assets	-	-	1,005.21	-	-	812.44
Financial assets (current)						
Investments	17,359.59	-	-	9,793.54	-	-
Trade receivables	-	-	22,949.97	-	-	25,216.72
Cash and cash equivalents	-	-	44.46	-	-	134.43
Other bank balances	-	-	4,041.02	-	-	1,142.29
Loans	-	-	58.37	-	-	56.49
Other financial assets	-	-	348.09	-	-	135.69
Total	17,752.00	-	29,024.23	13,364.93	-	27,900.84
Financial liabilities (non-current)						
Borrowings	-	-	1,172.69	-	-	1,630.74
Lease liabilities	-	-	7,195.32	-	-	7,038.90
Other financial liabilities	-	-	1,861.86	-	-	1,685.49
Financial liabilities (current)						
Borrowings	-	-	2,308.08	-	-	2,004.87
Trade payables	-	-	13,871.69	-	-	16,736.06
Lease liabilities	-	-	1,157.01	-	-	999.66
Other financial liabilities	-	-	4,273.82	-	-	4,977.38
Total	-	-	31,840.47	-	-	35,073.10

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

(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 2021			31 March 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Investments at FVTPL	17,752.00	-	-	13,364.93	-	-
Total financial assets	17,752.00	-	-	13,364.93	-	-

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 2021			31 March 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Trade receivables	-	-	22,949.97	-	-	25,216.72
Cash and cash equivalents	-	-	44.46	-	-	134.43
Other bank balances	-	-	4,041.02	-	-	1,142.29
Loans	-	-	635.48	-	-	459.27
Other financial assets	-	-	1,353.30	-	-	948.13
Total financial assets	-	-	29,024.23	-	-	27,900.84
Financial liabilities						
Borrowings	-	-	3,480.77	-	-	3,635.61
Trade payables	-	-	13,871.69	-	-	16,736.06
Lease liabilities	-	-	8,352.33	-	-	8,038.56
Other financial liabilities	-	-	6,135.68	-	-	6,662.87
Total financial liabilities	-	-	31,840.47	-	-	35,073.10

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 2021

(All amounts in ₹ lakhs, unless stated otherwise)

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

Particulars	31 March 2021		31 March 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Non-current				
i) Loans	577.11	577.11	402.78	402.78
ii) Other financial assets	1,005.21	1,005.21	812.44	812.44
Current				
i) Trade receivables	22,949.97	22,949.97	25,216.72	25,216.72
ii) Cash and cash equivalents	44.46	44.46	134.43	134.43
iii) Other bank balances	4,041.02	4,041.02	1,142.29	1,142.29
iv) Loans	58.37	58.37	56.49	56.49
v) Other financial assets	348.09	348.09	135.69	135.69
Total financial assets	29,024.23	29,024.23	27,900.84	27,900.84
Financial liabilities				
Non-current				
i) Borrowings	1,172.69	1,172.69	1,630.74	1,630.74
ii) Lease liabilities	7,195.32	7,195.32	7,038.90	7,038.90
iii) Other financial liabilities	1,861.86	1,861.86	1,685.49	1,685.49
Current				
i) Current borrowings	2,308.08	2,308.08	2,004.87	2,004.87
ii) Trade payables	13,871.69	13,871.69	16,736.06	16,736.06
iii) Lease liabilities	1,157.01	1,157.01	999.66	999.66
iv) Other financial liabilities	4,273.82	4,273.82	4,977.38	4,977.38
Total financial liabilities	31,840.47	31,840.47	35,073.10	35,073.10

d) Measurement of fair values

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (i) The management assessed that the fair values of loans, cash and cash equivalents, other bank balances, trade receivables, other current financial assets, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- (ii) The fair value of Company's fixed interest-bearing loans and receivables that approximate to their carrying amounts as it is based on discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.
- (iii) All the other long-term borrowing facilities availed by the Company are variable rate facilities which are subject to changes in underlying interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company's creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

37. Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade payables and other financial

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

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.

a) Market risk- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company carries borrowings primarily at variable rate.

	As at 31 March 2021	As at 31 March 2020
Variable rate borrowings	3,480.77	3,635.61
Fixed rate borrowings	-	-
Total borrowings	3,480.77	3,635.61

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variable held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	As at 31 March 2021	As at 31 March 2020
50 bps decrease would increase the profit before tax by	17.40	18.18
50 bps increase would decrease the profit before tax by	(17.40)	(18.18)

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

(foreign currency in lakhs)

Trade payables		
USD	0.03	0.02
	0.03	0.02

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2021	As at 31 March 2020
Total exposure		
USD	0.03	0.02
The following significant exchange rates as at year end spot rate:-		
USD 1	73.21	75.39

Foreign currency sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

(amounts in ₹ lakhs)

USD Sensitivity

5% decrease would decrease the profit before tax by	0.11	0.08
5% increase would increase the profit before tax by	(0.11)	(0.08)

c) Market risk- Price risks

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

Price sensitivity

Investment in mutual funds

500 bps in NAV (net asset value) increase would increase the profit before tax by	887.60	668.25
500 bps in NAV (net asset value) decrease would decrease the profit before tax by	(887.60)	(668.25)

(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.

The Company provides for expected credit loss based on the following:

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables, investments and other financial assets	12 month expected credit loss
Moderate credit risk	Other financial assets	Life time expected credit loss or 12 month expected credit loss
High credit risk	Other financial assets	Life time expected credit loss fully

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

Financial assets that expose the entity to credit risk

	As at 31 March 2021	As at 31 March 2020
Low credit risk on reporting date		
Cash and cash equivalents	44.46	134.43
Other bank balances	4,041.02	1,142.29
Trade receivables	22,949.97	25,216.72
Investments	17,752.00	13,364.93
Loans	635.48	459.27
Other financial asset	1,353.30	948.13

Cash and cash equivalents and bank deposits

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

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees, post dated cheques, etc. which results in low credit risk. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due.

Gross carrying amount of trade receivables

	As at 31 March 2021	As at 31 March 2020
More than six months past due*	1,898.72	2,073.51
Less than six months past due	21,123.88	23,195.06
Total	23,022.60	25,268.57

*Excluding provision for expected credit loss amounting to ₹ 72.63 lakhs (as at 31 March 2020: ₹ 51.85 lakhs).

Loans and other financial assets measured at amortised cost

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

(C) Liquidity risk

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(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 2021	As at 31 March 2020
Floating rate		
Expiring within one year (cash credit and other facilities)		
Secured		
Cash credit facilities	1,073.10	947.39
Overdraft facility	1,871.18	17,000.67

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
Year ended 31 March 2021					
Contractual maturities of borrowings	2,441.90	552.67	785.17	-	3,779.74
Contractual maturities of other financial liabilities (non-current)	-	-	-	1,861.86	1,861.86
Contractual maturities of trade payables and other payables	13,871.69	-	-	-	13,871.69
Contractual maturities of other financial liabilities (current)	4,262.19	-	-	-	4,262.19
Contractual maturities of lease liabilities	1,156.92	1,242.03	3,621.22	2,332.17	8,352.33
Total	21,732.70	1,794.70	4,406.39	4,194.03	32,127.82
Year ended 31 March 2020					
Contractual maturities of borrowings	2,180.18	594.22	1,284.49	53.36	4,112.25
Contractual maturities of other financial liabilities (non-current)	-	-	-	1,685.49	1,685.49
Contractual maturities of trade payables and other payables	16,736.06	-	-	-	16,736.06
Contractual maturities of other financial liabilities (current)	5437.78	-	-	-	5437.78
Contractual maturities of lease liabilities	1,671.77	1,571.76	4,298.63	2,946.84	10,489.00
Total	26025.79	2,165.98	5,583.12	4,685.69	38460.58

38 Dividend distribution made and proposed

	As at 31 March 2021	As at 31 March 2020
Equity shares		
Final dividend for the year ended 31 March 2021 nil (for the year ended 31 March 2020: ₹ 5 per share)	1,036.77	-
	1,036.77	-

39 Capital management

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

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

	As at 31 March 2021	As at 31 March 2020
Borrowings	3,480.77	3,635.61
Less: Cash and cash equivalents	44.46	134.43
Less: Other bank balances	4,041.02	1,142.29
Net debt	(604.71)	2,358.89
Equity	60,409.01	54,517.36
Capital and net debt	59,804.30	56,876.26
Gearing ratio	-1.01%	4.15%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current and previous period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

40 Related party disclosure

a) Disclosure of related parties and relationship between the parties

Nature of relationship	Name of related party
(i) Key management personnel	Jawahar Lal Oswal (Chairman and Managing Director) Sandeep Jain (Executive Director) Monica Oswal (Executive Director) Ruchika Oswal (Executive Director) Rishabh Oswal (Executive Director) Dinesh Gogna (Director) Paurush Roy (Independent Director) Ajit Singh Chatha (Independent Director) Amrik Singh Sohi (Independent Director) Suresh Kumar Singla (Independent Director) Manisha Gupta (Independent Director) Alok Kumar Misra (Independent Director) Raj Kapoor Sharma (Chief Financial Officer) Sahil Jain (Company Secretary) (resigned w.e.f. 4 April 2019) Ankur Gauba (Company Secretary) (appointed w.e.f. 20 May 2019)
(ii) Enterprises over which key management personnel and their relatives are able to exercise significant influence (with whom transaction have taken place)	Cotton County Retail Limited Nahar Industrial Enterprises Limited Nahar Spinning Mills Limited Oswal Woollen Mills Limited Oswal Foundation Mohan Dai Oswal Cancer Treatment & Research Foundation Generation Next Tech Apps Private Limited
(iii) Enterprises having significant influence on the Company	Sidhant and Mannat Company Limited Girnar Investment Limited Simran and Shanaya Company Limited

(b) Disclosure of transactions between the Company and related parties and the status of outstanding balances:

	For the year ended 31 March 2021	For the year ended 31 March 2020
(i) Transactions - enterprises over which key management personnel and their relative are able to exercise significant influence		
Sale of goods		
Nahar Spinning Mills Limited	748.23	1,108.57
Nahar Industrial Enterprises Limited	2.39	0.50
Cotton County Retail Limited	-	3.37
Oswal Woollen Mills Limited	45.42	52.48
Mohan Dai Oswal Cancer Treatment & Research Foundation	15.79	2.46
Oswal Foundation	0.11	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Sales returns		
Oswal Woollen Mills Limited	0.03	2.10
Nahar Spinning Mills Limited	22.07	44.75
Nahar Industrial Enterprises Limited	0.22	-
Cotton County Retail Limited	6.54	0.48
Purchase of goods		
Nahar Spinning Mills Limited	2,618.77	2,649.85
Nahar Industrial Enterprises Limited	313.38	340.25
Cotton County Retail Limited	0.08	7.14
Oswal Woollen Mills Limited	4,972.62	6,398.28
Purchase of property, plant and equipment		
Nahar Industrial Enterprises Limited	1.50	115.40
Cotton County Retail Limited	0.59	1.49
Oswal Woollen Mills Limited	3.67	1.04
Nahar Spinning Mills Limited	0.18	-
Purchase return		
Oswal Woollen Mills Limited	-	43.99
Nahar Industrial Enterprises Limited	2.42	3.01
Sale of property, plant and equipment		
Mohan Dai Oswal Cancer Treatment & Research Foundation	-	9.01
Rent paid		
Nahar Spinning Mills Limited	67.62	67.20
Nahar Industrial Enterprises Limited	10.80	-
Oswal Woollen Mills Limited	152.11	152.18
Processing charges paid		
Nahar Spinning Mills Limited	76.59	105.78
Oswal Woollen Mills Limited	2.04	6.36
Nahar Industrial Enterprises Limited	-	3.77
Reimbursement of expenses paid		
Nahar Industrial Enterprises Limited	107.27	90.76
Nahar Spinning Mills Limited	123.40	18.28
Oswal Woollen Mills Limited	118.66	45.49
Mohan Dai Oswal Cancer Treatment & Research Foundation	1.50	2.15
Cotton County Retail Limited	-	0.78
Reimbursement of expenses received		
Nahar Industrial Enterprises Limited	0.12	10.45
Nahar Spinning Mills Limited	0.06	5.75
Oswal Woollen Mills Limited	15.81	32.05
Generation Next Tech Apps Private Limited	0.49	-
Contribution made to the fund (CSR activities)		
Oswal Foundation	179.61	161.43

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

- (ii) Year end balances - enterprises over which key management personnel and their relatives are able to exercise significant influence

	For the year ended 31 March 2021	For the year ended 31 March 2020
Trade payables		
Nahar Spinning Mills Limited	103.17	425.18
Nahar Industrial Enterprises Limited	57.76	73.18
Cotton County Retail Limited	0.70	1.04
Oswal Woollen Mills Limited	1,585.06	1,750.21
Trade receivable		
Nahar Industrial Enterprises Limited	0.50	0.19
Mohan Dai Oswal Cancer Treatment & Research Foundation	0.92	0.28
Oswal Woollen Mills Limited	5.81	-
Nahar Spinning Mills Limited	1.91	-
Advances to suppliers		
Nahar Spinning Mills Limited	-	59.56
Nahar Industrial Enterprises Limited	-	0.37
Oswal Woollen Mills Limited	4.24	3.07
Advances from customers		
Oswal Woollen Mills Limited	0.01	0.21

- (c) Disclosure of transaction between the Company and key management personnel and the status of outstanding balances:

	For the year ended 31 March 2021	For the year ended 31 March 2020
(i) Transactions - key management personnel		
Remuneration to KMPs		
Director sitting fee	5.25	3.75
Employee benefits*	26.25	30.28
Managerial remuneration*	687.29	503.88
*Name of KMP		
Jawahar Lal Oswal	173.24	-
Sandeep Jain	200.38	199.35
Monica Oswal	95.43	97.84
Ruchika Oswal	95.53	92.08
Rishabh Oswal	122.71	114.61
Raj Kapoor Sharma	18.82	21.28
Ankur Gauba	7.43	9.00
(ii) Year end balances - key management personnel		
Due to KMPs		
Jawahar Lal Oswal	173.24	-
Sandeep Jain	34.20	34.22
Monica Oswal	15.39	15.39
Ruchika Oswal	15.39	15.39
Rishabh Oswal	21.03	20.76

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

Raj Kapoor Sharma	2.28	-
Ankur Gauba	0.89	-

Note:

1. Personal guarantees have been given by Mr. Jawahar Oswal towards term loan from State Bank of India amounting to ₹ 1,633.09 lakhs (as at 31 March 2020: ₹ 1,065.56 lakhs) and working capital loans from State Bank of India amounting to ₹ 769.06 lakhs (as at 31 March 2020: ₹ 1,044.47 lakhs).

41 Revenue from contracts with customers (Ind AS 115)

Ind AS 115 "Revenue from Contracts with Customers", establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

- i) Identify the contracts with customer;
- ii) Identify separate performance obligations in the contract;
- iii) Determine the transaction price;
- iv) Allocate the transaction price to the performance obligations; and
- v) Recognise revenue when a performance obligation is satisfied

The Company is in the business of manufacturing and trading of textile garments which are considered to be homogeneous products.

a) Disaggregation of revenue

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

As at 31 March 2021

Revenue from operations	Sale of products	Other operating revenues	Total
Revenue by geography			
Export	32.24	-	32.24
Domestic	62,087.76	81.73	62,169.49
Total	62,120.00	81.73	62,201.73
Revenue by time			
Revenue recognised at point in time			62,201.73
Revenue recognised over time			-
Total			62,201.73

As at 31 March 2020

Revenue from operations	Sale of products	Other operating revenues	Total
Revenue by geography			
Export	75.29	-	75.29
Domestic	72,370.80	115.23	72,486.03
Total	72,446.09	115.23	72,561.32
Revenue by time			
Revenue recognised at point in time			72,561.32
Revenue recognised over time			-
Total			72,561.32

	As at 31 March 2021	As at 31 March 2020
b) Reconciliation of revenue recognised in Statement of Profit and Loss with contract price		
Gross sale of products	75,894.03	88,917.93
Less: Adjustment on account of returns	(7,367.09)	(8,840.51)
Less: Adjustment on account of discounts	(6,406.94)	(7,631.33)
	62,120.00	72,446.09
c) Assets and liabilities related to contracts with customers		
Trade receivables (refer note 9.2)	22,949.97	25,216.72
Right to recover returned goods (refer note 8)	2,281.58	2,732.73
Advance from customers (refer note 17)	846.67	639.95
Refund liability (refer note 16.4)	3,347.63	3,898.33
d) Revenue recognised in relation to contract liabilities		
a. Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	609.39	322.46
b. Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

42 Leases (IndAS 116)

Lease liabilities are presented in the statement of financial position as follows:

Current	1,157.01	999.66
Non-current	7,195.32	7,038.90
Total	8,352.33	8,038.56

The Company has leases for exclusive brand showrooms. With the exception of short-term leases and low value leases, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. The Company is prohibited from selling or pledging the underlying leased assets as security.

a) The following are amounts recognised in the statement of profit or loss:

Depreciation of Right-of-use asset (refer note 2.2 & 26)	1,439.34	1,285.06
Interest expense on lease liabilities (refer note 13.2, 16.3 & 25)	692.24	634.65
Rent expense (refer note 27)*	310.49	373.85
Total	2,442.07	2,293.56

*Rent expense is term of short-term leases and low value leases

b) The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

No. of right-of-use assets leased	85 assets
Range of remaining term (in years)	1 to 9 years
No. of leases with extension options	83 leases
No. of leases with termination options	85 leases

c) Additions to Right-of-use asset and carrying amount of Right-of-use asset at the end of period

Carrying amount of Right-of-use asset at the start of year	7,585.74	-
Add: Additions to Right-of-use asset	1,374.82	8,870.80
Less: Depreciation of Right-of-use asset (refer note 2.2 & 26)	1,439.35	1,285.06
Carrying amount of Right-of-use asset at the end of year	7,521.21	7,585.74

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

d) The disclosures for minimum lease payments in respect of such operating lease are as follows:

The Company has taken a number of exclusive brand showrooms under operating leases. The lease rent expenses recognized during the year amounts to ₹ 310.49 lakhs (for the year ended 31 March 2020: ₹ 373.85 lakhs). Refer note 37 for expected future minimum lease payments under non-cancellable operating leases.

e) Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The Company does not have any liability to make variable lease payments for the right-to-use the underlying asset recognised in the financials.

	For the year ended 31 March 2021	For the year ended 31 March 2020
The expense relating to short-term leases and low-value assets recognised are:		
For short-term leases	309.81	370.58
For low-value assets	0.68	3.27
	310.49	373.85

Total cash outflow for leases for the year ended 31 March 2021: ₹ 1,871.03 lakh (for the year ended 31 March 2020: ₹ 1,466.89 lakh).

f) Ministry of Corporate Affairs vide notification dated 24 July 2020 issued an amendment to Ind AS 116- Leases, by inserting a practical expedient w.r.t. Covid-19 Related Rent Concessions effective from the period beginning on or after 1 April 2020. Many lessors have provided rent concessions to the Company as a result of the Covid-19 pandemic. Rent concession include rent holidays or rent reductions for a period of time. The amendment is to provide lessees that have been granted Covid-19 related rent concessions with practical relief, while still providing useful information about leases to users of the financial statements. As a practical expedient, the Company elected not to assess a Covid-19 related rent concession from a lessor is a lease modification and change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic. Pursuant to the above amendment, the Company has applied the practical expedient by accounting the unconditional rent concessions in Other income in the Statement of Profit and Loss as under:

Rent concessions	574.51	-
	574.51	-

43. Segment information

The Company's primary business segment is reflected based on principal business activities carried on by the Company. Chairman and Managing Director has been identified as being the Chief Operating Decision Maker ('CODM') and evaluates the Company's performance and allocates resources based on analysis of the various performance indicators of the Company as a single unit. Therefore, there are no separate reportable business segments as per Ind AS 108 "Operating Segments". The Company operates in one reportable business segment, i.e. manufacturing and trading of textile garments and is primarily operating in India and hence, considered as single geographical segment. The sale of Company's products is seasonal.

Entity wide disclosures:

(a) Information about products and services

The Company's business operation comprises of single operating segment of manufacturing and trading of textile garments. Since the Company operates in one product line, therefore product wise revenue disclosure is not applicable.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless stated otherwise)

(b) Information about geographical area

The Company's sales includes sales to customers which are domiciled in India and outside India. Below is the details of Company's revenue from customers domiciled in India and outside India:

	As at 31 March 2021	As at 31 March 2020
Revenue from external customers		
- domiciled outside India	32.24	75.29
- domiciled in India	62,087.76	72,370.80
	62,120.00	72,446.09

(c) Information about major customers

No single customer contributed 10% or more to Company's revenue.

44. Estimation of uncertainties relating to the global health pandemic from COVID-19

"In March 2020, World Health Organization (WHO) had declared the outbreak of Novel Coronavirus "Covid-19" as a pandemic. Complying with the directives of Government, the plant and offices of the Company had been under lockdown for few months, resulting thereto, the operations for the year have been impacted. Post lockdown, the Company has gradually resumed its manufacturing operations to normal. However, the recent second wave of Covid-19 has resulted in re-imposition of partial lockdowns/restrictions in various states, which might continue to impact the Company's performance.

The Company has carried out a comprehensive assessment of possible impact on its business operations, financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. The Company does not foresee any significant incremental risk to the recoverability of its assets or in its ability to meet its financial obligations over the foreseeable future."

45. Approval of financial statements

The financial statements were approved for issue by the board of directors on 14 May 2021.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

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

Sandeep Mehta
Partner
Membership No.: 099410

Place : Mohali
Date : 14 May 2021

For **Monte Carlo Fashions Limited**

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

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

Place : Ludhiana
Date : 14 May 2021

Sandeep Jain
(Executive Director)
(DIN : 00565760)

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



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MONTE CARLO FASHIONS LIMITED

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