

**MONTE CARLO** 

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# 14th ANNUAL REPORT 2021-22





## MONTE CARLO FASHIONS LIMITED

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

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

### BOARD OF DIRECTORS

Sh. Jawahar Lal Oswal	Chairman & Managing Director
Sh. Sandeep Jain	Executive Director
Smt. Ruchika Oswal	Executive Director
Smt. Monica Oswal	Executive Director
Sh. Rishabh Oswal	Executive Director
Sh. Dinesh Gogna	Director
Sh. Ajit Singh Chatha	Independent Director
Sh. Alok Kumar Misra	Independent Director
Dr. Amrik Singh Sohi	Independent Director
Dr. Manisha Gupta	Independent Director
Dr. Suresh Kumar Singla	Independent Director
Dr. Roshan Lal Behl	Independent Director
Sh. Manikant Prasad Singh	Independent Director
Sh. Parvinder Singh Pruthi	Independent Director
Sh. Paurush Roy	Independent Director (Resigned w.e.f 05.08.2021)

### CHIEF FINANCIAL OFFICER

Sh. Raj Kapoor Sharma

### COMPANY SECRETARY

Sh. Ankur Gauba

### STATUTORY AUDITORS

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

### SECRETARIAL AUDITOR

P. S. Dua & Associates,  
Company Secretaries  
5 SF, Sant Isher Nagar,  
Pakhawal Road,  
Ludhiana -141002, Punjab

### REGISTRAR & SHARE TRANSFER AGENT

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

### BANKERS

State Bank of India  
Federal Bank Limited  
ICICI Bank Limited  
HDFC Bank Limited

### WORKS

B-XXIX-106,G.T.Road,Sherpur-Ludhiana  
231, Industrial Area-A-Ludhiana  
Plot No-425 & 427, Near Textile Colony-Ludhiana  
B-XXX-1781/784,Old C-12, Phase V, Focal Point,Ludhiana

### 14<sup>th</sup> ANNUAL GENERAL MEETING

**DAY** : Wednesday  
**DATE** : September 28, 2022  
**TIME** : 11.00 A.M.  
**THROUGH VIDEO CONFERENCING (VC)/**  
**OTHER AUDIO VISUAL MEANS (OAVM)**

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

### NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting (“AGM”) of the Members of MONTE CARLO FASHIONS LIMITED will be held on Wednesday, September 28, 2022 at 11:00 A.M. through electronic mode [video conference (“VC”) or other audio visual means (“OAVM”)] to transact the following business:

#### ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2022 together with the Reports of the Board of Directors and the Auditors thereon and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“RESOLVED THAT the Audited Standalone Financial Statements of the Company along with the Reports of the Directors and Auditors thereon for the financial year ended on March 31, 2022 along with Annexures as laid before this Annual General Meeting be and are hereby received, considered, approved and adopted.”
- To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2022 together with the Reports of the Auditors thereon and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“RESOLVED THAT the Audited Consolidated Financial Statements of the Company along with the Reports of the Auditors thereon for the financial year ended on March 31, 2022 along with Annexures as laid before this Annual General Meeting be and are hereby received, considered, approved and adopted.”
- To declare dividend on Equity Shares of the Company for the Financial Year ended March 31, 2022 and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“RESOLVED THAT a Dividend at the rate of ₹20.00/- (Rupees Twenty only) per share on 2,07,32,064 Equity Shares of Rs. 10/- each as recommended by the Board of Directors be and is hereby declared for the financial year ended March 31, 2022 and the same be paid out of the profits of the Company.”
- To appoint a Director in place of Sh. Sandeep Jain (DIN: 00565760), who retires by rotation in terms of Section 152(6) of Companies Act, 2013 and being eligible, offers himself for re-appointment and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“RESOLVED THAT Sh. Sandeep Jain (DIN: 00565760), 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.”
- To appoint a Director in place of Smt. Ruchika Oswal (DIN: 00565979), who retires by rotation in terms of Section 152(6) of Companies Act, 2013 and being eligible, offers himself for re-appointment and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“RESOLVED THAT Smt. Ruchika Oswal (DIN: 00565979), 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.”
- To appoint Statutory Auditors and to fix their remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“RESOLVED THAT pursuant to the provisions of Section 139, 141,142 and all other applicable provisions, if any, of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any statutory modification (s) or re-enactment(s) thereof, for the time being in force) and pursuant to the recommendations of the Audit Committee and the Board of Directors, M/s Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 015125N), be and are hereby appointed as Statutory Auditors of the Company to hold office for term of 5 (five) consecutive years commencing from conclusion of 14<sup>th</sup> (Fourteenth) Annual General Meeting till the conclusion of 19<sup>th</sup> (Nineteenth) Annual General Meeting of the Company to be held in the year 2027, on such remuneration plus applicable tax, travelling and out-of-pocket expenses, as may be determined by the Board of Directors of the Company.

**RESOLVED FURTHER THAT** the Board of Directors and / or any person authorized by the Board, be and is hereby severally authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution”.

**SPECIAL BUSINESS**

7. To re-appoint Sh. Sandeep Jain (DIN: 00565760) as Executive Director of the Company and in this regard, 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 all 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 on 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. Sandeep Jain (DIN: 00565760) as Executive Director of the Company for a term of 5 (five) years w.e.f. August 1, 2022 on the terms and conditions including remuneration mentioned herein below:

**REMUNERATION:****A. Basic Salary**

₹1,200,000/- (Rupees Twelve Lakhs 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 ₹1,600,000/- (Rupees Sixteen 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:

**a. House Rent Allowance:**

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

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

As per Rules of the Company.

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

As per Rules of the Company.

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

Gratuity shall be paid as per Rules of the Company.

**e. Medical Allowance:**

One Month's Basic Salary per Year.

**f. Leave Travel Concession:**

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

**g. Club Fees:**

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

**h. Personal Accident Insurance:**

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

**i. Car/Telephone:**

Car with driver and telephone at 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** Sh. Sandeep Jain (Din No. 00565760) being a member of Promoter/ Promoter Group of the Company, be paid remuneration as above, notwithstanding the aggregate annual remuneration payable to him may exceed the limits as provided under Regulation 17(6)(e) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 any time during his current tenure i.e. August 1, 2022 to July 31, 2027.

**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. Sandeep Jain, subject to the limits prescribed in the Companies Act, 2013 read with Schedule V, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 or subject to such approval 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 make contributions to Charitable Funds and in this regard 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 Section 181 of the Companies Act, 2013 and other applicable provisions, (including statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force) the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any committee of the board constituted to exercise its power) to contribute in any financial year maximum of ₹5 crores (Rupees Five Crores only) or 10% of the Company’s average net profits of the three immediately preceding financial years, whichever is higher, towards donation/contributions to any bonafide charitable, social, benevolent and other Funds or institutions or hospitals or trusts or entities for charitable and other purposes, as may be considered proper by the Board of Directors of the Company

**RESOLVED FURTHER THAT** the Board or any Committee thereof, be and are hereby authorized to do all such things, deeds, matters and acts as may be required to give effect to this resolution and to do all things incidental and ancillary thereto.”

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

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

**Place: Ludhiana  
Date: 03.08.2022**

**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. 6 to 8 above and the relevant details of Directors as mentioned under item no. 4 to 5 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 as **Annexure -A**.
2. Pursuant to the General Circulars 2/2022 and 19/2021, other circulars issued by the Ministry of Corporate Affairs (MCA) and Circular SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 issued by SEBI (hereinafter collectively referred to as “the Circulars”), companies are allowed to hold AGM through VC/OAVM, without the physical presence of 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 Wednesday, September 28, 2022 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 [cspsdua@gmail.com](mailto:cspsdua@gmail.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto: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. **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 **Thursday, September 22, 2022 to Wednesday, September 28, 2022 (both days inclusive)**.
  - ii) The Board of directors of the Company at its meeting held on May 30, 2022 has recommended a dividend @200% i.e ₹20 /- 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 Wednesday, September 21, 2022 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 Wednesday, September 21, 2022
  - iii) Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of the Shareholders w.e.f. 1st April 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 Wednesday, September 21, 2022 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 21, 2022. 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 Wednesday, September 21, 2022. 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 Wednesday, September 21, 2022:
    - 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 Wednesday, September 21, 2022 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/](http://www.iepf.gov.in/).
10. 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.
  11. 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.
  12. i) Members who wish to inspect the relevant documents referred to in the Notice can send an e-mail to [investor@montecarlocorporate.com](mailto: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 21, 2022 through email on [investor@montecarlocorporate.com](mailto:investor@montecarlocorporate.com). The same will be replied by the Company suitably
  13. In Compliance with the Relevant Circulars of Ministry of Corporate affairs ("MCA"), the Notice of the 14<sup>th</sup> AGM along with the Annual Report 2021-22 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 for the financial year 2021-22 will also be available on the Company's website [www.montecarlocorporate.com](http://www.montecarlocorporate.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the same may also be accessed by the members from the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com). For any communication, the shareholders may also send requests to the Company's dedicated investor email-id: [investor@montecarlocorporate.com](mailto:investor@montecarlocorporate.com).
  14. 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.
  15. 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.
  16. SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 3, 2021 read together with SEBI Circular No. SEBI/HO/ MIRSD/MIRSD\_RTAMB/P/CIR/2021/687 dated December 14, 2021 (the "SEBI Circulars") has mandated for furnishing/ updating PAN, KYC details (Address, Mobile No., E-mail ID, Bank Details) and Nomination details by all the holders of physical securities in listed company in the prescribed forms i.e. ISR-1, ISR-2, SH-13/ISR-3/SH-



14. In Compliance thereof, the Company has already sent the communication alongwith prescribed forms to all the Physical Shareholders at their registered address. Members are requested to forward the duly filled in Forms along with the related proofs to the Company at its Registered Office. The aforesaid forms can be downloaded from the website of the Company i.e. [www.montecarlocorporate.com](http://www.montecarlocorporate.com).

**17. 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](mailto: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](mailto:investor@montecarlocorporate.com) on or before **Friday, September 21, 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.

**18. Remote e-Voting before/during the AGM:**

- a) 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, 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.
- b) Members of the Company holding shares either in physical form or in electronic form as on the cut-off date i.e. Wednesday, September 21, 2022 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. Wednesday, September 21, 2022, may obtain the User ID and Password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- c) **THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:**

**Step 1:** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

**Step 2:** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- i) The remote e-Voting period commences on Saturday, September 24, 2022 at 9.00 a.m. (IST) and ends on Tuesday, September 27, 2022 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. Wednesday, September 21, 2022.
- ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii) 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 ESPs 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 ESPs, thereby, not only facilitating seamless authentication, but also enhancing ease and convenience of participating in e-voting process

**Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- iv) 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 shareholders	Login Method
Individual Members holding securities in Demat mode with CDSL	<p>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 <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</p> <p>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 &amp; 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.</p> <p>c) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>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 <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; 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 Depository	<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: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> 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 &amp; voting during the meeting.</p>

	<p>b) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>c) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> 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 &amp; voting during the meeting.</p>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	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.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned 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
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

**Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode

- v) Login method for e-Voting and joining virtual meeting for **Physical shareholders and shareholders other than individual holding in Demat form.**
- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - Click on “Shareholders” module.
  - Now enter your User ID  
For CDSL: 16 digits beneficiary ID,  
For NSDL: 8 Character DP ID followed by 8 Digits Client ID,  
Shareholders holding shares in Physical Form should enter Folio Number registered with the Company..
  - Next enter the Image Verification as displayed and Click on Login.
  - If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
  - If you are a first-time user follow the steps given below:

	<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>
<b>PAN</b>	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
<b>Dividend Bank Details</b> <b>OR Date of Birth (DOB)</b>	<p>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.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- vi) After entering these details appropriately, click on “SUBMIT” tab.
- vii) Members holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- ix) Click on the EVSN for **MONTE CARLO FASHIONS LIMITED** on which you choose to vote.
- x) 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.
- xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xii) 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.
- xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xv) 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.
- xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- xvii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details 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 will be mapped automatically & can be delink in case of any wrong mapping.
  - 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](mailto: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.

- xviii) If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Sh. Nitin Kunder (022- 23058738 ) or Sh. Mehboob Lakhani (022-23058543) or Sh. Rakesh Dalvi (022-23058542).
- xix) Name, designation, address, e-mail ID and phone number of the person responsible to address the grievances connected with the evoting:  
 Sh. Ankur Gauba,  
 Company Secretary and Compliance Officer  
 B-XXIX-106, G.T. Road, Sherpur, Ludhiana – 141003,  
 Ph. 0161-5066628, E-mail Id: [investor@montecarlocorporate.com](mailto:investor@montecarlocorporate.com).
- xx) All grievances connected with the facility for voting by electronic means may be addressed to Sh. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.
- xxi) 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. Wednesday, September 21, 2022 may follow the same instructions as mentioned above for e-Voting.
- d) 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](mailto: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](mailto:investor@montecarlocorporate.com). These queries will be replied to by the Company suitably by email.
- ix) Only those shareholders, 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 shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**19. Other Instructions:**

- i) Sh. 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) 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.
- iii) 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.
- iv) 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.

**20. 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. Wednesday, September 28, 2022.

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

The following Explanatory Statement sets out all the material facts relating to the Item Nos. 6 to 8 of the accompanying Notice convening the Fourteenth Annual General Meeting to be held on Wednesday, September 28, 2022

**ITEM NO. 6**

Information pursuant to Regulation 36(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Members of the Company at the 12<sup>th</sup> (Twelfth) Annual General Meeting held on September, 28, 2020 approved the appointment of M/s Walker Chandio & Co. LLP, Chartered Accountants (Firm Registration No. 001076N/ N500013), ("Retiring Auditors") as the Statutory Auditors of the Company for term of 2 (two) years commencing from conclusion of 12<sup>th</sup> (Twelfth) Annual General Meeting till the conclusion of 14<sup>th</sup> (Fourteenth) Annual General Meeting of the Company. Accordingly, their present term will complete on conclusion of this Annual General Meeting in terms of the said approval.

The Board of Directors of the Company at their meeting held on May 30, 2022 has, considering the experience and expertise and on the recommendation of the Audit Committee, proposed to the Members of the Company appointment of Deloitte Haskins & Sells Chartered Accountants (Firm Registration No. 015125N) as the Statutory Auditors of the Company for term of 5 (five) consecutive years from the conclusion of 14<sup>th</sup> (Fourteenth) Annual General Meeting till the conclusion of 19<sup>th</sup> (Nineteenth) Annual General Meeting of the Company at such remuneration as shall be determined by the Board of Directors of the Company.

M/s. Deloitte Haskins & Sells was constituted in 1997 and is registered with the Institute of Chartered Accountants of India (ICAI) with Registration No. 015125N and is a part of Deloitte Haskins & Sells & Affiliates being the Network of Firms registered with the ICAI. The registered office is at 7th Floor, Building 10, Tower-B, DLF Cyber City Complex, DLF City, Phase – II, Gurgaon – 122 002, India. Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax, and related services

M/s Deloitte Haskins & Sells have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act. They have also provided confirmation that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI.

The proposed remuneration to be paid to Auditors for the financial year 2022-23 is ₹33.50 Lakhs (Rupees Thirty Three Lakhs Fifty Thousand only). The said remuneration excludes applicable taxes and out of pocket expenses. The Audit Committee and the Board is of the view that remuneration of ₹33.50 Lakhs (Rupees Thirty Three Lakhs Fifty Thousand only) is a reasonable audit fee considering the knowledge, expertise, industry experience, time and efforts required to be put in by them during their association with the Company. The proposed fees are also in line with the industry benchmarks. The fees for services in the nature of Tax Audit, statutory certifications and other additional professional work will be in addition to the audit fee as above and will be decided by Board of Directors in consultation with the Auditors.

The remuneration for the subsequent year(s) of their term shall be fixed by the Board of Directors of the Company based on the recommendation of the Audit Committee. There is no material change in the remuneration proposed to be paid to Auditors for the financial year 2022-23 and the remuneration paid to the Retiring Auditors for the financial year 2021-22.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Ordinary 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, 2017 had re-appointed Sh. Sandeep Jain as Executive Director of the Company for a period of five years with effect from August 1, 2017 under the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, the present term of Sh. Sandeep Jain as Executive Director comes to an end on July 31, 2022.

Therefore, the Board of Directors of the Company at its meeting held on May 30, 2022 has, subject to the approval of members re-appointed Sh. Sandeep Jain as Executive Director of the Company for a period of Five years with effect from August 1, 2022 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. Sandeep Jain as Executive Director of the Company.

Sh. Sandeep Jain holds Bachelor's degree in Pharmacy, Diploma in Export Management and Certificate course in wool from the AWTA Limited. He has more than 25 years of experience in the field of Retail, Textile and Woolen Industry. Previously, he has worked with Oswal Woolen Mills and Cipla. Mr. Jain is associated with Company since inception, as one of the First Directors of the Company and has been instrumental in taking the Company from strength to strength to its present position. He is presently Chairman of Risk Management Committee, Member of Share Transfer Committee and Member of the Stakeholder Relationship Committee of the company.

Keeping in view the invaluable contribution made by Sh. Sandeep Jain through his knowledge and experience, more particularly in the field of Manufacturing, Retail 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.

Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that the fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if- there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 percent of the net profits (calculated as per section 198 of the Companies Act, 2013) of the listed entity. Sh. Sandeep Jain belongs to the Promoter Group of the Company. Accordingly, the Board, on the recommendation of Nomination and Remuneration Committee, Audit Committee has sought approval of the members by way of Special Resolution for payment of remuneration to Sh. Sandeep Jain, being a promoter of the Company, even if the aggregate annual remuneration payable to him may exceeds the limit as provided under Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.e.f August 1, 2022 to July 31, 2027 i.e till the completion of his present tenure.

Sh. Sandeep Jain 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 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 Sh. Sandeep Jain whose appointment is proposed at Item No. 7 is provided in the "Annexure-A" to the Notice.

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

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

**ITEM NO. 8**

Your Company would like to contribute, donate or otherwise provide assistance from time to time to bonafide charitable, social, benevolent and other Funds or institutions or hospitals or trusts or entities for charitable and other purposes. In terms of the provisions of Section 181 of the Companies Act, 2013, any amount contributed to any charitable and other funds in excess of 5% of the Company's average net profits during the three immediately preceding financial years need prior approval of the Members of the Company. It is therefore considered necessary to obtain the approval of the Members of the Company for the contributions to be made by the Company in excess of the limits prescribed under the said section. Approval of the Members is now being sought pursuant to Section 181 of the Companies Act, 2013, authorising the Board of Directors (or Committee thereof) of the Company to make contributions in any financial year for a total amount of up to ₹ 5 Crores (Rupees Five Crores only) or 10% of the Company's average net profits of the three immediately preceding financial years, whichever is higher.

None of the Promoters/ Directors/KMP of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the above Resolution.

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

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

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

**Place: Ludhiana  
Date: 03.08.2022**



## 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**

<b>Names</b>	Sh. Sandeep Jain	Smt. Ruchika Oswal
<b>Designation</b>	Executive Director	Executive Director
<b>Date of birth/ age</b>	24.12.1971/ 51 Years	25.02.1972/ 51 Years
<b>Date of appointment</b>	01.08.2017	10.08.2021
<b>Qualification</b>	Bachelor's degree in Pharmacy, Diploma in Export Management, Certificate Course in wool from the AWTA Limited	Bachelor's Degree in Commerce
<b>Experience</b>	More than 25 years of experience in the field of Manufacturing, Retail and Administration.	More than 22 years of experience in the field of Garment Manufacturing, Designing & Administration.
<b>Terms of appointment</b>	Five Years	Five Years
<b>Remuneration for the Financial Year 2021-22:</b>	₹213.06 Lakhs	₹95.59 Lakhs
<b>Disclosure of relationship:</b>	Sh. Sandeep Jain is Son In Law of Sh. Jawahar Lal Oswal, Chairman and Managing Director of the Company. Spouse of Smt. Ruchika Oswal, Brother-in-law of Smt. Monica Oswal and Uncle of Sh. Rishabh Oswal, Executive Directors of the Company. He is not related to any of the other Director and Key Managerial Personnel of the Company.	Smt. Ruchika Oswal is Daughter of Sh. Jawahar Lal Oswal, Chairman & Managing Director, Sister of Smt. Monica Oswal, Spouse of Sh. Sandeep Jain and Aunt of Sh. Rishabh Oswal, Executive Directors of the Company. She is not related to any of the other Director and Key Managerial Personnel of the Company.
<b>Shareholding:</b>	Nil	5,15,838 Equity Shares
<b>No. of Board Meetings attended during the year:</b>	4	3
<b>Directorships in other Listed Companies as on March 31, 2022:</b>	Nil	Nil
<b>Membership/ Chairmanship of Committees of other Listed Companies as on March 31, 2022</b>	Nil	Nil

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

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

**Place: Ludhiana  
Date: 03.08.2022**

## Directors' Report

Dear Members,

Your Directors are pleased to present the Fourteenth (14<sup>th</sup>) Annual Report of the business and operations of the Company along with the Audited Financial Statements for the financial year ended on March 31, 2022.

### 1. FINANCIAL RESULTS

The Company's financial performance for the year under ended March 31, 2022 is summarized below:

(₹ In Lakhs)

PARTICULARS	For the Year ended 31 <sup>st</sup> March 2022		For the Year ended 31 <sup>st</sup> March 2021	
	Standalone	Consolidated	Standalone	Consolidated
Revenue from operations	90,432.20	90,432.20	62,201.73	-
Other Income	2,548.69	2,548.69	2,017.07	-
Total Revenue from operations & other income	92,980.89	92,980.89	64,218.80	-
<b>Earnings before Interest, Depreciation &amp; Tax (EBIDTA)</b>	<b>20551.26</b>	<b>20541.90</b>	<b>13,573.14</b>	-
Depreciation & Amortization	3725.29	3725.29	3,420.03	-
Finance Cost	1568.47	1568.47	1,351.04	-
<b>Profit before Tax (PBT)</b>	<b>15257.50</b>	<b>15248.14</b>	<b>8,802.07</b>	-
<b>Tax Expenses/ Adjustment</b>				
1. Current Tax	4244.03	4244.03	2,393.68	
2. Deferred Tax	(390.11)	(390.11)	(221.19)	
<b>Profit after Tax (PAT)</b>	<b>11403.59</b>	<b>11394.22</b>	<b>6,629.58</b>	-
<b>Other Comprehensive Income (net of tax)</b>	<b>33.01</b>	<b>33.01</b>	<b>298.84</b>	-
<b>Total Comprehensive Income</b>	<b>11436.59</b>	<b>11427.23</b>	<b>6928.42</b>	-
<b>Earnings Per Share (Rs) – Basic</b>	<b>55.00</b>	<b>54.96</b>	<b>31.98</b>	-
<b>Earnings Per Share (Rs) – Diluted</b>	<b>55.00</b>	<b>54.96</b>	<b>31.98</b>	-

#### Note:

- A. As mandated by the Ministry of Corporate Affairs, the financial statements for the year ended on March 31, 2022 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, 2022. The Notes to the Financial Statements adequately explain the Audited Statements.
- B. In accordance with the Companies Act, 2013 & Indian Accounting Standards (Ind AS) 110 on 'Consolidated Financial Statements' read with Ind AS 111 on 'Joint Arrangements' and Ind AS 112 on 'Disclosure of Interest in other entities', the Audited Consolidated Financial Statements are also provided in the Annual Report.

### 2. PERFORMANCE REVIEW

#### • BUSINESS OUTLOOK

"Monte Carlo Fashions" has a diversified presence across various segments. It has created a comprehensive range of wool and cotton, cotton blended, knitted and woven apparels and home furnishing under umbrella brand name "Monte Carlo" such as Luxuria, Denim, Alpha, and Tweens, Rock It etc. In the cotton segment, we produce T-shirt, Shirts, Denims, Trousers, Suits, and different other garments, apart from that we also produce jackets and coats. The Company's ability to tap various segments of the market which provides the Company tremendous opportunities of growth for coming years. The Company's key strength is wide and growing its distribution network with a diversified presence across India with 315 Exclusive Brand Outlets, 2108+ Multi Brand Outlet & distributors, 740 National Chain Stores and, 287 Shop-in-Shop stores. The Company also has online presence through its own portal as well as various online platforms such as Ajio, Amazon, Flipkart, Mynta, Jabong, and Kapsons. 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. The Company continues to invest in brand building, and various marketing initiatives and also continues to enjoy the best customer response across all portals.

The Company has a pan-India presence, and we are also looking to penetrate further in the western and southern regions of India. With the strong business deliverables and brand presence in the current financial year, the Company aims to further expand its business in Jammu & Kashmir (J&K) to meet the demands of the market. The Company during the year has

incorporated a Wholly-owned subsidiary 'Monte Carlo Home Textiles Limited' and has plans to set-up a cloudy blended manufacturing unit in J&K. The Company is well positioned for sustainable growth for the near future.

#### • PRODUCTION AND SALES REVIEW

During the year under review, your company has witnessed a increase in revenue of around 45.38% The production of the company has been increased to 3,812,123 pcs from 2,729,576 pcs during the year 2021-22, showing an increase of 39.65%, due to increase in production capacity of cotton section. The revenue from operations stood at ₹ 90,432.20 Lakhs from ₹ 62,201.73 Lakhs achieved last year.

#### • PROFITABILITY

The Company's earnings before depreciation, interest and tax for the current year is ₹20,551.27 Lakhs as against ₹ 13,573.14 Lakhs achieved last year. After providing for deprecation of ₹ 3725.69 Lakhs (previous year ₹3,420.03 Lakhs), finance cost of ₹ 1568.47 Lakhs (previous year 1,351.04 Lakhs), provision for current tax of ₹ 4244.03 Lakhs (previous year ₹2,393.68 Lakhs), provision for deferred tax (₹ 390.11) Lakhs (previous year (₹221.19 Lakhs), the Net Profit from the operations increased to ₹11403.59 Lakhs as compared to ₹ 6,629.58Lakhs achieved last year. The other income of the Company for the said Financial Year stood at ₹2548.69 Lakhs.

On a consolidated basis your company recorded turnover of ₹ 90,432.20 Lakhs during the financial year ended 31<sup>st</sup> March, 2022 and achieved consolidated net profit of ₹11394.22 Lakhs for the said financial year.

#### • RESOURCES UTILISATION

##### A) Fixed assets

The Net Block as at March 31, 2022 was at ₹ 15,321.53 Lakhs as compared to ₹ 14,926.86 Lakhs in the previous year.

##### B) Current assets

The current assets as on March 31, 2022 were at ₹ 80,947.20 Lakhs as against ₹ 67,924.61 Lakhs in the previous year.

#### • FINANCIAL CONDITION & LIQUIDITY

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

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

(₹ in Lakhs)

PARTICULARS	2021-22	2020-21
<b>Cash and Cash Equivalents</b>		
Beginning of the year	44.46	134.43
End of the year	31.94	44.46
<b>Net Cash generated (used) by:-</b>		
Operating activities	7064.76	11,210.91
Investing activities	(4838.78)	(8,219.96)
Financial activities	(2238.50)	(3,080.92)

#### • IMPACT OF COVID-19

The COVID-19 pandemic affected the Indian fashion and textile sector holistically. The effect of a pandemic could be understood by examining the demand-side factors (social distancing, consumer demand, and exports) and the supply-side factors (production, supply chain, employment, prices of essential raw materials and imports). The manufacturing activity across Asia was halted due to cancelled orders and the unavailability of raw materials. Your Company's management and employees worked very hard to minimise the impact and ensured that Company's units 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 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, 2022 stands at ₹ 250,000,000 divided into 25,000,000 Equity Shares of ₹10/- each. As at March 31, 2022, 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, 2022, 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 ₹90432.20 Lakhs, your Board recommends a dividend of ₹20/- per Equity Share of ₹10/- each (i.e 200%) 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 ₹ 4146.41 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 17, 2022 to Wednesday, September 28, 2022 (both days inclusive) and the record date will be Wednesday, September 21, 2022 for the purpose of payment of dividend for the financial year 2021-2022.

#### **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. 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 March 31, 2022.

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

Your Company does not have any Joint Ventures or Associate Company. The company has one unlisted subsidiary named "Monte Carlo Home Textiles Limited".

### 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, 2022 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, 2022, 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:**

#### **a) Independent Directors:**

#### **a) Appointment of Independent Director(s):**

During the Year Under review:

- Dr. Roshan Lal Behl (DIN: 06443747), was appointed by the he Board of Directors upon the recommendation of Nomination and Remuneration Committee as an Additional Director in the category of Independent Director w.e.f August 5, 2021. Further, the Members of the Company in the Annual General Meeting held on September 24, 2021 appointed Dr. Roshan Lal Behl as an Independent Director of the Company.
- Sh. Manikant Prasad Singh (Din No: 01790672) and Sh. Parvinder Singh Pruthi (Din No: 07481899) was appointed by the he Board of Directors upon the recommendation of Nomination and Remuneration Committee as an Additional Director in the category of Independent Director w.e.f February 1, 2022. Further, the Members of the Company, by way of postal ballot, through notice dated February 4, 2022 appointed Sh. Manikant Prasad Singh and Sh. Parvinder Singh Pruthi as an Independent Director of the Company.

***Cessation from Directorship:***

Dr. Amrik Singh Sohi (03575022) and Sh. Ajit Singh Chatha (02289613) ceased to be Independent Directors of the Company w.e.f. January 31, 2022 and March 31, 2022, respectively on completion of their second term of appointment.

***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. 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) Re-appointment of Executive Director***

At the 9<sup>th</sup> AGM of the Company, Sh. Sandeep Jain was appointed as Executive Director of the Company for a period of five years w.e.f 01.08.2017. Considering his valuable contribution to the growth of the Company during their tenure, the Nomination and Remuneration Committee and the Board of Directors had recommended his re-appointment as Executive Director, for a period of five years with effect from August 1,2022, 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. Sandeep Jain (DIN: 00565760), Executive Director and Smt. Ruchika Oswal (DIN: 00565979), 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%202021-221656926214.pdf>

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

The following persons are the Key Managerial Personnel (KMP's) of the Company as on March 31, 2022 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 2021-2022, the Board met on 4 (Four) occasions viz. May 14, 2021; August 05, 2021; November 10, 2021 and February 04, 2022. 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.

**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 10, 2021, 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 February 4, 2022.

#### 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 ₹180.42 Lakhs on account of its liability towards Corporate Social Responsibility (CSR) for the Financial year 2021-22 and the Company has fulfilled its entire CSR obligation by donating ₹175.75 Lakhs to Oswal Foundation and spending ₹4.67 Lakhs towards traffic barriers to Traffic Police, Ludhiana, 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 2021-22 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 Financial Year 2021-22 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 12<sup>th</sup> Annual General Meeting (AGM) held on September 28, 2020 has appointed M/s Walker Chandiook & Co. LLP (Firm Registration No: 001067N / N500013), as Statutory Auditors for a period of 2 years i.e. from the conclusion of 12<sup>th</sup> Annual General Meeting till the conclusion of 14<sup>th</sup> Annual General Meeting of the Company.

Since, the term of M/s Walker Chandiook & Co. LLP will be expiring at the conclusion of the 14<sup>th</sup> AGM, it's been proposed by the Board of Directors in their meeting held on May 30, 2022, to appoint M/s Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 015125N) as Statutory Auditors, subject to approval of the Members of the company for a period of 5 years, i.e. to hold office from the conclusion of the 14<sup>th</sup> AGM of the company till the conclusion of the 19<sup>th</sup> AGM of the company.

During the year under review, there were no frauds reported by Auditors under Section 143(12) of Companies Act, 2013. The Auditor's Report on the Annual Accounts of the Company for the year under review is self-explanatory and requires no comments. Further, there are no qualifications in the report that calls for Board's explanation except an adverse remark by the Statutory Auditors in their report that "During the year ended 31 March 2022, the Company has identified few instances where some franchisee owned and franchisee operated stores (FOFO stores) did not pass the discounts aggregating to ₹0.02 Lakhs to end customers as per the policy of the Company by issuing unauthorised manual invoicing, which were in violation with terms and conditions of the franchisee agreement. Basis above investigations, the Company has concluded that potential impact of any such further instance during the year is not expected to be material to these financial statements.



The Board comments that, the Company, through the team of internal experts, commenced an enquiry into the said matter and concluded that there is no material impact on the financial statements and has further levied financial compensatory penalties amounting ₹25.00 Lakhs to the said parties for the breach of terms and conditions of the agreement identified. Also, there is a proper internal control system in place to prevent and detect these kinds of instances in future.

#### **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 2021-22, 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 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 2022-2023 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 behavior, 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 2021-22 the Company has not received any complaints on the same and hence, no complaint was pending as at March 31, 2022.

### **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, 2022, 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. INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013, read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government after the completion of seven years from the date of transfer to the Unpaid Dividend Account of the Company. The shareholders whose dividends have been transferred to the IEPF Authority can claim their dividend from the Authority. The unclaimed or unpaid dividend relating to the financial year 2014-15 is due for remittance in the month of November, 2022 to Investor Education and Protection Fund established by the Central Government.

Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by shareholders for seven consecutive years or more shall also be transferred to the IEPF Authority. The Company has sent notice to all shareholders whose shares are due to be transferred to the IEPF Authority and has also published requisite advertisement in the newspapers in this regard.

The Company has already sent emails / notices in the month of July, 2022 to the members informing them to claim the Unclaimed Dividend / Shares before such transfer of dividend to the IEPF Authority. The details of these Unclaimed Dividend/ Shares required to be transferred to the IEPF Authority are also provided on the website of the Company at [www.montecarlocorporate.com](http://www.montecarlocorporate.com).

During the year under review, the company has transferred the unclaimed share application money IEPF amounting to ₹10,82,955 (Rupees Ten Lakhs Eighty Two Thousand Nine Hundred Fifty Five only).

### 38. 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, 2022, 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.

**39. 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. Change in nature of Business of Company.
3. 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
4. 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.

**40. ACKNOWLEDGEMENT & APPRECIATION**

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

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

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

**Place: Ludhiana**  
**Date: 03.08.2022**

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

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## ANNEXURE-A TO THE DIRECTORS REPORT

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2021-22:**

**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 06.08.2015 has adopted the CSR Policy as recommended by CSR Committee. Under the CSR Policy, Company through Oswal Foundation, a Registered Society along with other Group Companies, will broadly focus on medical relief and research, Environment Protection / Sustainability, Promoting Education, Social Upliftment and / or any other activity as envisaged in the Companies Act, 2013. The CSR policy is also available on the Company's website i.e www.montecarlocorporate.com.

**2. Composition of 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	3	3
2.	Sh. Dinesh Gogna	Member	3	3
3.	Dr. Suresh Kumar Singla	Member	3	3

**3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:**

The committee after the approval of the board has adopted CSR Policy as required Section 135 of the Companies Act, 2013. The CSR Policy is available at website of the company at <https://www.montecarlocorporate.com/investor-relation/policies-code> and composition of CSR committee are available on our website at <https://www.montecarlocorporate.com/Pdfs/Composition%20of%20committee11656934985.pdf>. Further, the Board of Directors of the Company on the recommendation of CSR committee has approved the Health Care Project under the CSR Activities.

Accordingly to meet its obligation for the FY 2021-22 the Company has contributed an amount of ₹175.75 Lakh to Oswal Foundation for undertaking health care projects as approved by the consortium of the Group Companies formed to undertake CSR activities through Oswal foundation. The Foundation is going to undertake "Health Care Project of Modernisation of Synergy Linear Accelerator", as approved by the consortium at approximate cost of ₹4 crores, at Mohan Dai Oswal Cancer Hospital and Research Foundation, Ludhiana.

**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): ₹9020.91 Lakhs****7. (a) Two percent of average net profit of the company as per section 135(5): ₹180.42 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): ₹180.42 Lakhs**

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

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	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
180.42 Lakhs	--	--	--	--	--

## (b) Details of CSR amount spent against 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 - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR Registration Number
i.	Healthcare Project : At Mohan Dai Oswal Cancer Treatment & Reasearch Foundation, Ludhiana	(i) Preventive Healthcare, Eradicating poverty & others	Yes	Punjab	Ludhiana	175.75	No	Oswal Foundation	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 - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR Registration Number
i.	Barriers to Traffic Police, Ludhiana	(ii) Promoting Education	Yes	Punjab	Ludhiana	4.67	Yes	-	-

(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): ₹ 180.42 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	
i	2020-2021	--	--	--	--	--	--
ii	2019-2020	--	--	--	--	--	--
iii	2018-2019	--	--	--	--	--	--

(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

For and on Behalf of Board of Directors

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

Place: Ludhiana  
Date: 03.08.2022

**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 2021-22, the Company had not entered into any contract/ arrangement/ transaction with its related parties which is not in ordinary course of business or at arm's length.

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

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

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

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

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

Place: Ludhiana  
Date: 03.08.2022

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



**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
 FOR THE FINANCIAL YEAR ENDED 31.03.2022

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31<sup>st</sup> March, 2022 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2022 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. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- **Not applicable** to the Company during the period under review.
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (upto 12th August, 2021) and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (with effect from 13th August, 2021)- **Not Applicable** to the Company during the Review Period.
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (upto 16th August, 2021) and Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (with effect from 16th August, 2021) - **Not Applicable** to the Company during the Review Period.
  - f. 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 period under review.
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (up to 9th June 2021) and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (with effect from 10th June 2021)- **Not applicable** to the Company during the period under review.

- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not Applicable** to the Company during the period under review.

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;

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 upon 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. Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016;
11. The Water (Prevention And Control of Pollution) Act, 1974;
12. The Air (Prevention And Control of Pollution) Act, 1981;
13. The Boilers Act, 1923 and The Indian Boilers (Amendment) Act, 2007.

**We further report that:**

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

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

All the decisions of the Board of Directors were approved unanimously or by majority and 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

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

Peer Review Certificate No. 1296/2021  
UDIN: F004552D000737999

**Place: - Ludhiana**  
**Date: - 03.08.2022**

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

**Annexure A to Secretarial Audit Report**

To

**The Members**

**Monte Carlo Fashions Limited**

**B-XXIX-106, G.T.Road, Sherpur**

**Ludhiana-141003, Punjab**

**(CIN: L51494PB2008PLC032059)**

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

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

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

(Company Secretaries)

**P.S. Dua**

Proprietor

(Membership No.: FCS 4552)

(Certificate of Practice No.: 3934)

Peer Review Certificate No. 1296/2021

UDIN: F004552D000737999

**Place: - Ludhiana**

**Date: - 03.08.2022**

## ANNEXURE-E TO THE DIRECTOR'S REPORT

### Disclosure in the Boards' Report under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment & Remuneration) Rules, 2014

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2021-22, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-22 are as under:

S. No.	Name & Designation of Director/KMP	Remuneration for F.Y. 2021-22 (₹ in Lacs)	% Age increase in the remuneration in the F.Y. 2021-22	Ratio of Remuneration to each director to median remuneration of employees
1.	Sh. Jawahar Lal Oswal Chairman & Managing Director	655.99	@	390.66
2.	Sh. Sandeep Jain Executive Director	213.06	6.33	126.88
3.	Smt. Ruchika Oswal Executive Director	95.59	0.08	56.93
4.	Smt. Monica Oswal Executive Director	95.58	0.16	56.92
5.	Sh. Rishabh Oswal Executive Director	137.43	12.00	81.84
6.	Sh. Dinesh Gogna Non-Executive Director	1.00	\$	0.59
7.	Sh. Paurush Roy Non-Executive Director	Nil*	N.A	N.A
8.	Sh. Ajit Singh Chatha Independent Director	1.00	\$	0.59
9.	Dr. Suresh Kumar Singla Independent Director	1.00	\$	0.59
10.	Dr. Manisha Gupta Independent Director	1.00	\$	0.59
11.	Dr. Amrik Singh Sohi Independent Director	0.75	\$	0.44
12.	Sh. Alok Kumar Misra Independent Director	1.00	\$	0.59
13.	Sh. Roshan Lal Behl Independent Director	0.50	\$	0.30
14.	Sh. Raj Kapoor Sharma Chief Financial Officer	25.41	35.07	15.13
15.	Sh. Ankur Gauba Company Secretary	10.17	36.94	6.05

@ Sh. Jawahar Lal Oswal was given Salary and Commission for financial year 2021-22, whereas only Commission was given for 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.

2. The median remuneration of employees of the Company during the financial year was at ₹1.67 Lakhs.
3. In the financial year, there was a increase of 26.10% in the median remuneration of employees.
4. There were 1,806 permanent employees on the rolls of Company as on March 31, 2022.
5. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2021-22 was 31.66% whereas increase in the managerial remuneration for the same financial year was 95.65%. in the financial year 2021-22. Due to COVID-19 Pandemic, there was a cut in remuneration of employees, which was reinstated and increments was given in the financial year 2021-22.
6. 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 MARCH 31, 2022.**

**A. DETAILS OF THE PERSONS EMPLOYED THROUGHOUT THE YEAR, WHO WERE IN RECEIPT OF REMUNERATION WHICH IN AGGREGATE WAS NOT LESS THAN RS 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. Jawahar Lal Oswal	79	Managing Director	Graduate	Full-time	58	01.07.2008	655.99	Oswal Woollen Mills Ltd.
Sh. Sandeep Jain	51	Executive Director	Graduate	Full-time	28	01.08.2012	213.06	Oswal Woollen Mills Ltd.
Sh. Rishabh Oswal	30	Executive Director	B.A.(Hons.), Executive MBA	Full-time	9	01.01.2015	137.43	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. Jawahar Lal Oswal	79	Managing Director	Graduate	Full-time	58	01.07.2008	655.99	Oswal Woollen Mills Ltd.
Sh. Sandeep Jain	51	Executive Director	Graduate	Full-time	28	01.08.2012	213.06	Oswal Woollen Mills Ltd.
Sh. Rishabh Oswal	30	Executive Director	B.A.(Hons.), Executive MBA	Full-time	9	01.01.2015	137.43	Cotton County Retail Ltd.
Smt. Ruchika Oswal	50	Executive Director	Graduate	Full-time	22	10.08.2011	95.59	Oswal Woollen Mills Ltd.
Smt. Monica Oswal	50	Executive Director	Graduate	Full-time	22	10.08.2011	95.58	Oswal Woollen Mills Ltd.
Sh. Sumit Agrawal	44	Head-Production/ (Non-Woolen)	Graduate	Full-time	24	20.12.2015	30.37	Creative Line International Pvt. Ltd.
Sh. Manish Chopra	44	Head-Production/ (Non-Woolen)	Graduate	Full-time	24	01.04.2011	28.31	Oswal Woollen Mills Ltd.
Sh. Vikas Sethi	52	Head- IT	B.E. (Computer Science Engineering)	Full-time	26	03.09.2018	25.93	HPCL Mittal Energy Ltd.
Sh. Alok Jain	50	Head-Production/ (C&D)	B.Com (Hons.), MBA	Full-time	29	04.02.2013	25.85	Duke Fashions (India) Ltd.
Smt. Shruti Shukla	37	Head- E commerce	Post Graduate	Full-time	14	20.12.2019	25.68	Jasper Infotech Pvt Ltd ( Snapdeal.com)

**NOTES:**

1. 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.
2. Except as stated in Note No. 1, none of the other above mentioned persons are related to any Director and Key Managerial Personnel of the Company.
3. The remuneration as shown above includes, inter-alia, House Rent Allowance, Company's contribution to Provident Fund, incentives and other perquisites as per the Company's policy.
4. None of the employee has drawn in excess of remuneration drawn by MD/ WTD and holds along with spouse and dependent children not less than 2% of the Equity Shares of the Company as on March 31, 2022.

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

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

**Place: Ludhiana  
Date: 03.08.2022**

## 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;**

- Installation of energy efficient LED lights by replacing all conventional lights
- Regular Supervision and control are being maintained in areas where steps have already been taken for the conservation of energy.
- 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.

**(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 188 KW solar plant at Unit-1 and 240 KW solar plant at Unit-2 of the company.

**(iii) The capital investment on energy conservation equipment: Nil****B. TECHNOLOGY ABSORPTION:****(i) The efforts made towards technology absorption;**

The Company has been continuously improving on resource use efficiencies, especially that of common resources such as water, fuel and energy. The Company follows series of environmental performance indicators for monitoring natural resources consumption on per case basis and continual improvement is being achieved and sustained.

**(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)**

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 ₹)

	2021-2022	2020-2021
i) Total Foreign Exchange outgo	72,70,08,555.10	48,65,02,554.00
ii) Total Foreign Exchange earned	Nil	Nil

For and on behalf of Board of Directors

Place: Ludhiana  
Date: 03.08.2022

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

## REPORT ON CORPORATE GOVERNANCE

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

### REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2022, 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 March 31, 2022. A certificate from the Managing Director to this effect is attached to this Report. The Code has been displayed on the Company's website at <https://www.montecarlocorporate.com/investor-relation/policies-code>.

### CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

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

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

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

### 1. BOARD OF DIRECTORS

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

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

During the year under review, the Board met on 4 (Four) occasions viz. May 14, 2021, August 5, 2021, November 10, 2021 and February 04, 2022. 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, 2022:

Name of the Director	Category of Director	No. of Board Meetings Attended	Attendance at AGM held on 24.09.2021	No. of Directorship <sup>1</sup>	No. of Committees <sup>2</sup> in which Chairman/ Member	
					Chairman	Member <sup>3</sup>
Sh. Jawahar Lal Oswal <sup>4</sup>	Promoter, Chairman & Managing Director	4 of 4	Present	9	-	-
Sh. Sandeep Jain <sup>4</sup>	Executive Director	4 of 4	Present	4	-	-
Smt. Ruchika Oswal <sup>4</sup>	Promoter, Executive Director	3 of 4	Present	2	-	-

Smt. Monica Oswal <sup>4</sup>	Promoter, Executive Director	3 of 4	Present	4	-	2
Sh. Rishabh Oswal <sup>4</sup>	Executive Director	3 of 4	Present	9	-	-
Sh. Dinesh Gogna	Non Executive, Non Independent Director	4 of 4	Present	8	1	6
Sh. Paurush Roy <sup>5</sup>	Non Executive Independent Director	2 of 2	Present	-	-	-
Sh. Ajit Singh Chatha <sup>6</sup>	Non Executive Independent Director	3 of 4	Not Present	2	3	4
Dr. Suresh Kumar Singla	Non Executive Independent Director	4 of 4	Present	5	1	7
Dr. Manisha Gupta	Non Executive Independent Director	4 of 4	Present	7	1	6
Dr. Amrik Singh Sohi <sup>6</sup>	Non Executive Independent Director	2 of 4	Present	3	1	3
Sh. Alok Kumar Misra	Non Executive Independent Director	4 of 4	Present	2	-	2
Dr. Roshan Lal Behl <sup>7</sup>	Non Executive Independent Director	2 of 2	Present	4	4	4
Sh. Manikant Prasad Singh <sup>8</sup>	Non Executive Independent Director	1 of 1	Not Present	-	-	-
Sh. Parvinder Singh Pruthi <sup>8</sup>	Non Executive Independent Director	1 of 1	Not Present	1	-	-

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.
  6. Sh. Ajit Singh Chatha (DIN:02289613) ceased to be the Independent Director of the company due to the expiry of his tenure w.e.f. March 31, 2022 and Mr. Amrik Singh Sohi (DIN:03575022) ceased to be the Independent Director of the company due to the expiry of his tenure w.e.f. January 31, 2022
  7. Dr. Roshan Lal Behl has been appointed as Additional Director (Independent) by the Board of Directors in their meeting held on August 5, 2021 and further appointed as Non-Executive Independent Director by the members of the company in their meeting held on September 24, 2021.
  8. Sh. Manikant Prasad Singh and Sh. Parvinder Singh Pruthi has been appointed as Additional Director (Independent) by the Board of Directors in their meeting held on February 4, 2022 and further appointed as Non-Executive Independent Director by the members of the company through postal ballot.
- 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, 2022:-

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



Sh. Dinesh Gogna	Nahar Industrial Enterprises Limited	Non-Executive Director
	Nahar Poly Films Limited	Non-Executive Director
	Nahar Spinning Mills Limited	Non-Executive Director
	Nahar Capital & Financial Services Limited	Non-Executive Director
	Oswal Leasing Limited	Non-Executive Director
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 Capital & Financial Services Limited	Independent Director
	Nahar Poly Films Limited	Independent Director
	Nahar Spinning Mills Limited	Independent Director
	Kovalam Investment And Trading Company Limited	Independent Director
Dr. Manisha Gupta	Nahar Poly Films Limited	Independent Director
	Nahar Industrial Enterprises Limited	Independent Director
	Nahar Spinning Mills Limited	Independent Director
	Oswal Leasing 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	The Investment Trust of India Limited	Independent Director
	Mrs. Bectors Food Specialties Limited	Independent Director
Dr. Roshan Lal Behl	Nahar Industrial Enterprises Limited	Independent Director
	Nahar Spinning Mills Limited	Independent Director
	Nahar Capital & Financial Services Limited	Independent Director
	Oswal Leasing Limited	Independent Director
Sh. Parvinder Singh Pruthi <sup>8</sup>	Nahar Industrial Enterprises Limited	Independent Director

\*Ceased to be the Director as on March 31, 2022

\*\*Ceased to be the Director as on January 31, 2022

#### C. SHAREHOLDING DETAILS OF DIRECTORS AS ON March 31, 2022:

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

Name of Directors*	No. of Shares
Sh. Jawahar Lal Oswal	115059
Smt. Ruchika Oswal	515838
Smt. Monica Oswal	515837
Sh. Rishabh Oswal	10500
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%202021-221656926214.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
Dr. Roshan Lal Behl	Financial, Regulatory / Legal & Risk Management Corporate Governance
Sh. Manikant Prasad Singh	Financial, Regulatory / Legal & Risk Management Corporate Governance
Sh. Parvinder Singh Pruthi	Business Dynamics, Research & Development and Innovation Strategy and planning Financial, Regulatory / Legal & Risk Management

## 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, Sh. Paurush Roy, Independent Director have resigned from the Directorship with effect from August 5, 2021 due to pre-occupation and other personal circumstances and confirmed that there are no material reasons for his resignation.

## 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 31st March, 2022. 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, Independent Directors (IDs) of the Company do not serve as ID in more than seven listed companies. Further, the Managing Director of the Company does not serve as an ID in any listed entity.

## I. BOARD MEETING PROCEDURES

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

## J. INFORMATION SUPPLIED TO THE BOARD

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

## 2. COMMITTEES OF THE BOARD:

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

### (A) Audit Committee:

The Audit Committee comprises of 5 (Five) members with the Chairman of the Committee being an Independent Director. During the year under review, the Audit Committee met on 4 (four) occasions viz. May 14, 2021, August 5, 2021, November 10, 2021 and February 04, 2022 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, 2022 and particulars of meetings attended by the members during the financial year 2021-22 are given hereunder:

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

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

\*Sh. Paurush Roy has resigned w.e.f August 5, 2021 and Dr. Roshan Lal Behl\* was appointed w.e.f August 5, 2021, therefore both were eligible to attend only two Audit committee meetings. 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 24, 2021 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 Chief Financial Officer 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 twice on August 5, 2021 and February 4, 2022; 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, 2022 and particulars of meetings attended by the members during the financial year 2021-22 are given hereunder:

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

*\*Sh. Paurush Roy has resigned w.e.f August 5, 2021 and Dr. Roshan Lal Behl\* was appointed w.e.f August 5, 2021, therefore both were eligible to attend only two Nomination and Remuneration committee meetings.*

#### **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:-<sup>4</sup>

- 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 members 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, 2022 are as follows:

(Amount in ₹ Lacs)

Name of the Director	Salaries, perquisites and Allowances	Commission	Sitting fees	Total
Sh. Jawahar Lal Oswal*	353.39	302.60	-	655.99
Sh. Sandeep Jain	213.06	-	-	213.06
Smt. Ruchika Oswal	95.59	-	-	95.59
Smt. Monica Oswal	95.58	-	-	95.58
Sh. Rishabh Oswal	137.43	-	-	137.43
Sh. Dinesh Gogna	-	-	1.00	1.00
Sh. Paurush Roy**	-	-	-	-
Sh. Ajit Singh Chatha	-	-	1.00	1.00
Dr. Suresh Kumar Singla	-	-	1.00	1.00
Dr. Manisha Gupta	-	-	1.00	1.00
Dr. Amrik Singh Sohi	-	-	0.75	0.75
Sh. Alok Kumar Misra	-	-	1.00	1.00
Dr, Roshan Lal Behl	-	-	0.50	0.50

\* 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. May 14, 2021, August 5, 2021, November 10, 2021 and February 04, 2022. 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, 2022 and particulars of meetings attended by the members during the financial year 2021-22 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	2
4.	Dr. Roshan Lal Behl	Member	Non-Executive Independent	2

**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, 2022 and during the financial year 2021-22, 4 (four) 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 31st March, 2022. Further, 2 (two) Complaints/ Queries were received and all were disposed off to the satisfaction of the Shareholders under 'SCORES' during the Financial Year 2021-22.

**(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 Thrice during the year viz., August 5, 2021; November 10, 2021 and February 4, 2022 and all the members of the Committee were present on these occasions.

**Terms of Reference:**

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

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

**(E) Share Transfer Committee:**

Share Transfer Committee has been constituted to expedite and streamline the process of transfer /transmission/ dematerialization/ re-materialization etc. of the Equity Shares of the Company. The Committee comprises of Sh. Jawahar Lal Oswal as Chairman, Sh. Sandeep Jain and Sh. Dinesh Gogna as members. During the year under review, committee met only once viz. August 05, 2021

**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, 2022**

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) Risk Management Committee:**

As per the provisions of Regulation 21 of SEBI (Listing Obligation Disclosure Requirements) (Second Amendment) Regulations, 2015, the Company falls under the top 1000 list of listed entities determined on the basis of market capitalization as at the end of immediate financial year. Accordingly, in compliance of the said LODR Regulations, the company has constituted a Risk Management Committee to frame, implement and monitor the risk management plans for the company. The Committee comprises of Sh. Sandeep Jain as Chairman, Sh. Dinesh Gogna and Sh. Suresh Kumar Singla as members. During the year under review, committee met Twice viz. August 05, 2021 and February 04, 2022

**Terms of Reference**

- To review and monitor the risks associated with Company's business.
- To suggest measures for mitigation of the same as per Company's Risk Management Policy.
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.

The table below highlights the composition and attendance of the Members of the Committee as on March 31, 2022

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

**(G) Independent Directors' Meeting**

During the year under review, a separate meeting of Independent Directors was held on November 10, 2021 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**

The Company has not any materially non-listed subsidiary. However, the company has one wholly owned subsidiary namely "Monte Carlo Home Textiles Limited".

**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
2020-21	Friday, September 24, 2021	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.	3
2019-20	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
2018-19	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

**B. DETAILS OF SPECIAL RESOLUTIONS PASSED IN THE PREVIOUS THREE ANNUAL GENERAL MEETINGS**

**2020-21:** Re-appointment of Sh. Jawahar Lal Oswal as Chariman and Managing Director and Re-appointment of Smt. Ruchika Oswal and Smt. Monica Oswal as Executive Directors.

**2019-20:** No Special Resolution Passed.

**2018-19:** Re-appointment of Dr. Suresh Kumar Singla, Dr. Manisha Gupta, Sh. Alok Kumar Misra, Dr. Amrik Singh Sohi and Sh. Ajit Singh Chatha as Independent Directors of the Company.



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

No Extra-ordinary General Meeting has been done by company during the Financial Year 2021-22.

During FY 2021-22, the Company sought the approval of the shareholders by way of postal ballot, through notice dated February 4, 2022, on the following Special Resolution(s):

- 1 Appointment of Sh. Manikant Prasad Singh (Din No: 01790672) as an Independent Director of the Company.
- 2 Appointment of Sh. Parvinder Singh Pruthi (Din No: 07481899) as an Independent Director of the Company

The Board of Directors had appointed Sh. P. S. Dua (CP No. 3934) of M/s P.S.Dua & Associates, Practising Company Secretaries, as the Scrutinizer to scrutinize the postal ballot process in a fair and transparent manner. The voting period for remote e-voting commenced on Monday, February 21, 2022 at 9.00 a.m. (IST) and ended on Tuesday, March 22, 2022 at 5.00 p.m. (IST). Central Depository Services was appointed as agency for providing e-voting facility to the members. The Company provided facility of remote e-voting to enable its members to cast their votes electronically. The Voting rights of the Members were in proportion of their shareholding to the total paid up equity share capital of the Company as on the cut-off date.i.e. February 11, 2022. The consolidated report on the result of the postal ballot through remote e-voting for approving aforementioned resolutions was provided by the Scrutinizer on Wednesday, March 23, 2022.

The details of e-voting on the aforementioned resolution(s) are provided hereunder:

Description of the Resolution	Number of votes casted	Votes in favour of the Resolution(s)		Votes against the Resolution(s)		Invalid Votes	
		Number of valid Votes cast (shares)	% of total number of valid votes cast	Number of valid Votes cast (shares)	% of total number of valid votes cast	Total number of members whose votes were declared invalid	Total number of invalid votes cast (shares)
Appointment of Sh. Manikant Prasad Singh (Din No: 01790672) as an Independent Director of the Company	15691430	15690173	99.99	1257	0.01	Nil	Nil
Appointment of Sh. Parvinder Singh Pruthi (Din No: 07481899) as an Independent Director of the Company	15691430	15690003	99.99	1427	Nil	Nil	Nil

The Special Resolution(s) were passed with requisite majority

**Procedure for Postal Ballot:**

The Postal Ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder and General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021 and Circular No. 20/2021 dated December 8, 2021, issued by the Ministry of Corporate Affairs

**Details of special resolution proposed to be conducted through postal ballot:**

None of the businesses proposed to be transacted at the ensuing Annual General Meeting, scheduled to be held on September 28, 2022 ('AGM'), requires passing of a Special Resolution through Postal Ballot

**5. MEANS OF COMMUNICATION:**

- (a) The Un-audited quarterly/ half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within sixty days from the closure of the financial year as per the requirement of the Listing Regulations
- (b) The approved financial results are sent to the Stock Exchanges forthwith and published in 'Business Standard (English newspaper), Desh Sewak/ Punjabi Jagran (local language Punjabi newspaper), within forty-eight hours of approval thereof.
- (c) The Company's financial results and official press releases are displayed on the Company's Website i.e [www.montecarlocorporate.com](http://www.montecarlocorporate.com).
- (d) Investor Presentations, Official Press Releases and other general information are sent to the Stock Exchange(s) and are also displayed on the Company's website [www.montecarlocorporate.com](http://www.montecarlocorporate.com).

- (e) Management Discussion and Analysis report forms part of the Annual Report, which is sent to the shareholders of the Company.
- (f) The quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the Stock Exchanges viz. BSE Limited and National Stock Exchange of India Limited are filed electronically. The Company has complied with filing submissions through BSE's BSE Listing Centre. Likewise, the said information is also filed electronically with NSE through NSE's NEAPS portal.
- (g) A separate dedicated section under "Investors Relation", on the Company's website gives information on unclaimed dividends, shareholding pattern, quarterly / half yearly results and other relevant information of interest to the investors/public.
- (h) SEBI processes investor complaints in a centralised web-based complaints redressal system i.e. SCORES. Through this system a shareholder can lodge a complaint against the Company for redressal of his grievance. The Company uploads the action taken report on the complaint which can be viewed by the shareholder. The Company and shareholder can seek and provide clarifications online through SEBI.
- (i) The Company has designated an exclusive email-id for investor services i.e. investor@montecarlocorporate.com and the same is prominently displayed on the Company's website i.e. [www.montecarlocorporate.com](http://www.montecarlocorporate.com).

## 6. GENERAL SHAREHOLDER INFORMATION

14 <sup>th</sup> Annual General Meeting	: Wednesday, September 28, 2022 at 11:00 AM through VC/OAVM
Financial Year	: April 1, 2021 to March 31, 2022
Date of Book Closure	: September 22, 2022 to September 28, 2022
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:- <b>BSE Limited (BSE)</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. <b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Bandra – Kurla Complex, Bandra (E), Mumbai 400 051.
ISIN	: INE950M01013
Stock Code/Symbol	: BSE- 538836, NSE- MONTECARLO

### Listing Fee / Annual Custody Fee:

The Annual Listing Fee has been paid to BSE and NSE for the financial year 2022-2023. 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 2022-23.

### Transfer of Unclaimed Dividend and Shares to Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of the Act, read with Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ('Rules'), the dividends, unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company are liable to be transferred to the IEPF. Accordingly, unclaimed dividends of shareholders for FY 2014-2015 lying in the unclaimed dividend account of the Company will be due for transfer to IEPF. The Company had sent individual communication to the concerned shareholders at their registered address, whose dividend remained unclaimed and whose shares were liable to be transferred to the IEPF. The communication was also published in national English and local Punjabi newspapers.

**The details of unclaimed share application money transferred to IEPF within statutory timelines during FY 2021-22 are as follows:**

Perticulars	Amount Transferred (₹)
unclaimed share application money	10,82,955

Any person whose unclaimed dividend, application money due for refund, or interest thereon, has been transferred to the IEPF can claim their due amount from the IEPF Authority by making an electronic application in web-form IEPF-5. Upon submitting a duly completed form, shareholders are required to take print of the same and send physical copy duly signed along with requisite documents as specified in the form to the attention of the Nodal Officer, at the Registered Office of the Company. The instructions for the web-form can be downloaded from our website [www.montecarlocorporate.com](http://www.montecarlocorporate.com) and simultaneously from the website of Ministry of Corporate Affairs at [www.iepf.gov.in](http://www.iepf.gov.in)

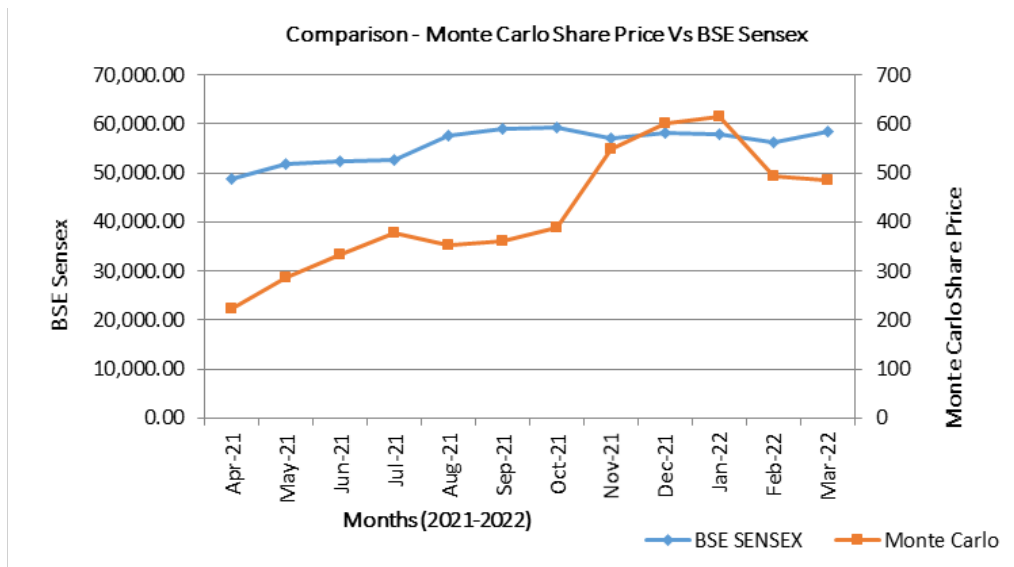
**Market Price Data:**

Market Price Data of Company's Equity Shares traded on BSE Limited, during the period April 01, 2021 to March 31, 2022

Month	Share Price BSE			Volume	BSE SENSEX		
	High (₹)	Low (₹)	Closing (₹)	No. of Shares	High	Low	Closing
Apr-21	261.00	214.50	223.95	7,35,341	50,375.77	47,204.50	48,782.36
May-21	295.10	224.00	287.50	2,81,868	52,013.22	48,028.07	51,937.44
Jun-21	349.95	291.00	333.45	3,95,075	53,126.73	51,450.58	52,482.71
Jul-21	389.35	322.30	377.10	2,91,462	53,290.81	51,802.73	52,586.84
Aug-21	383.50	310.10	351.70	2,87,471	57,625.26	52,804.08	57,552.39
Sep-21	380.70	322.00	360.15	1,62,120	60,412.32	57,263.90	59,126.36
Oct-21	414.05	340.00	388.60	2,80,109	62,245.43	58,551.14	59,306.93
Nov-21	652.05	389.10	549.20	6,32,884	61,036.56	56,382.93	57,064.87
Dec-21	642.00	539.00	602.25	2,40,363	59,203.37	55,132.68	58,253.82
Jan-22	728.65	576.30	615.20	2,99,479	61,475.15	56,409.63	58,014.17
Feb-22	673.20	441.35	492.55	1,71,300	59,618.51	54,383.20	56,247.28
Mar-22	524.95	456.00	484.55	80,788	58,890.92	52,260.82	58,568.51

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

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



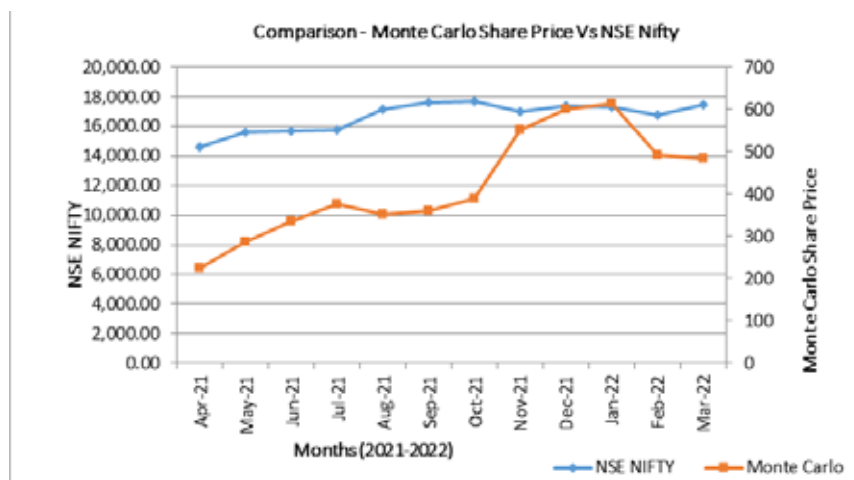
Market Price Data of Company's Equity Shares traded on National Stock Exchange of India Limited, during the period April 1, 2021 to March 31, 2022:

Month	Share Price NSE			Volume	NSE NIFTY		
	High (₹)	Low (₹)	Closing (₹)	No. of Shares	High (₹)	Low (₹)	Closing (₹)
Apr-21	261.80	217.30	224.05	1824638	15044.35	14151.40	14631.10
May-21	295.00	222.10	287.40	3059508	15606.35	14416.25	15582.8
Jun-21	349.90	292.20	334.50	3018198	15915.65	15450.9	15721.5
Jul-21	389.70	322.00	376.90	2608674	15962.25	15513.45	15763.05

Aug-21	383.70	309.45	351.50	1681817	17153.5	15834.65	17132.2
Sep-21	381.25	326.25	358.95	1233497	17947.65	17055.05	17618.15
Oct-21	414.00	353.45	389.35	2499705	18604.45	17452.9	17671.65
Nov-21	655.00	386.90	552.05	6592687	18210.15	16782.4	16983.2
Dec-21	643.00	538.65	601.45	1891478	17639.5	16410.2	17354.05
Jan-22	729.00	575.00	613.45	2421076	18350.95	16836.8	17339.85
Feb-22	674.10	449.60	492.25	1118974	17794.6	16203.25	16793.9
Mar-22	519.90	456.00	484.10	598775	17559.8	15671.45	17464.75

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

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



#### Registrar & Share Transfer Agent:

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

**UNIT: MONTE CARLO FASHIONS LIMITED**

Noble Heights, 1st floor, Plot No NH-2,C-1 Block, LSC, Near Savitri Market, Janakpuri, New Delhi – 110058

PH: 011-41410592, Fax: 011-41410591, Email: [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in)

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

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds in India or abroad during the financial year ended 31st March, 2022. The ratings given by CARE Limited for short-term borrowings is (CARE) A1+ (pronounced CARE A one plus) and long-term borrowings of the Company is (CARE) AA- (pronounced double A minus) respectively. There was no revision in the said ratings during the year under review.

#### 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.

#### Share Transfer System:

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

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

**\*Distribution of Shareholding as on March 31, 2022:**

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	33138	98.41	1890269	9.12
2.	1001-5000	397	1.18	820652	3.96
3.	5001-10000	60	0.18	460583	2.22
4.	10001 & Above	77	0.23	17560560	84.70
	Total	33672	100.00	20732064	100.00

**\*Shareholding pattern as on March 31, 2022:**

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

**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. B-XXX-1781/784, Old C-12, Phase V, Focal Point, Ludhiana

**Address for Correspondence:**

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

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

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

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

## 7. CODE OF BUSINESS CONDUCT & ETHICS

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

All members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for Board and Senior Management for the financial year 2021-22. 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. 38 in “Notes forming part of the Accounts” annexed to the Financial Statements for the year ended March 31, 2022. 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 March 31, 2022. 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, 2022, your Company does not have any material 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 2021-22, 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 ₹ 38,40,600 (Rupees Thirty Eight Lakhs Forty Thousand Six Hundred only) for financial year 2021-22 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 February 8, 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 2021-22 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 3, 2022 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 of Loans and Advances**

The Company and It's Subsidiary has not given any Loans and Advances (in the nature of Loan) provided by the Company to firms/companies in which its Directors are interested

- **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 2021-22 are as under:

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

- **Appointment of Nodal Officer**

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

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

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

**The Board**

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

**Shareholders rights**

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

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

There is no modified opinion in the audit report

### Reporting of Internal Auditor

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

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

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

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

• **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: 03.08.2022**

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



**Annexure A to Report on Corporate Governance for the financial year ended March 31, 2022****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, 2022.

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

**Place: Ludhiana**  
**Date : 03.08.2022**

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

**CEO / CFO CERTIFICATION**

We the undersigned hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2022 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, 2022 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 : 03.08.2022**

**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, 2022**

**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 (hereinafter referred to as 'the Company') and having registered office at B-XXIX-106 G.T. Road, Sherpur, Ludhiana-141003, Punjab, 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 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](http://www.mca.gov.in)) as considered necessary and explanations furnished to me/us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below and who were on the Board of Directors of the Company as on 31<sup>st</sup> March, 2022 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.	Smt. Manisha Gupta	06910242	27/06/2014
10.	Sh. Roshan Lal Behl	06443747	05/08/2021
11.	Sh. Manikant Prasad Singh	01790672	01/02/2022
12.	Sh. ParvinderSingh Pruthi	07481899	01/02/2022

\*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)**

Place: Ludhiana  
Date :03.08.2022

P.S. Dua  
Proprietor  
(Membership No. FCS 4552)  
(Certificate of Practice No. 3934)  
Peer Review Certificate No. 1296/2021  
UDIN:F004552D000738098

**Annexure C to Report on Corporate Governance for the financial year ended March 31, 2022****CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To

The Members

Monte Carlo Fashions Limited

We have examined the compliance of the conditions of Corporate Governance by Monte Carlo Fashions Limited (CIN: L51494PB2008PLC032059) ("the Company"), for the year ended on March 31, 2022, 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 (as amended) (referred to as "SEBI Listing Regulations").

The compliance of the 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, 2022.

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)**

**Place: Ludhiana**  
**Date :03.08.2022**

**P.S. Dua**  
**Proprietor**  
**(Membership No. FCS 4552)**  
**(Certificate of Practice No. 3934)**  
**Peer Review Certificate No. 1296/2021**  
**UDIN:F004552D000738153**

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDIAN ECONOMIC OVERVIEW

The Global Economy started witnessing a sharp recovery after unprecedented disruptions in 2020-21 due to COVID-19 Pandemic. The vaccination of people in big way and continued fiscal and monetary stimulus by the various countries, the Global Economy started its upwards journey towards growth.

After the second infection wave that peaked in May, the recovery is gaining momentum and GDP is projected to grow at 9.4% in the fiscal year (FY) 2021-22 according to OECD Economic Outlook. Consumer price inflation stood at 4.5% in October, significantly declining from the October 2020 reading of 7.6%. The economic shock has been weaker than during the 2020 wave. Since the summer of 2021, growth has rebounded, pulled by exports, consumer demand and, more importantly, a very strong base effect. Most key high-frequency indicators, including sales of two-wheelers and tractors, are rising gradually and mobility indices sharply improved during the Diwali festive season and remain well-oriented. Consumer price inflation stood at 4.5% in October, a significant decline from the October 2020 reading of 7.6%. The recent moderation can be explained by base effects, an excellent monsoon season, a resumption of agriculture supply chains that lowered food prices (which account for 39% of the CPI basket) and administrative steps (such as lower import duties on edible oils). Both merchandise exports and imports have expanded forcefully, boosted by the oil trade.

After recording the most robust GDP rebound in the G20 in 2021, the Indian economy is progressively losing momentum as inflationary expectations remain elevated due to rising global energy and food prices, monetary policy normalises, and global conditions deteriorate.

According to FICCI's Economic Outlook Survey, the assessment for the wholesale price index-based inflation rate for 2022-23 is forecasted at 6.7 per cent. CPI-based inflation has a median forecast of 5.3 per cent for 2022-23, with a minimum and maximum range of 5.0 per cent and 5.7 per cent, respectively. Retail prices are projected at 6.0 per cent in Q4 2021-22 and 5.5 per cent in Q1 2022-23. CPI-based inflation has been trading above the targeted range of the RBI in Jan/Feb 2022 and should see some respite in the forthcoming fiscal year. The unsustainably high international commodity prices hopefully should level off going forward.

### INDUSTRY STRUCTURE AND DEVELOPMENTS

India has a long history of producing high-quality textiles and popular apparel worldwide. India's cotton, silk, and denim are well-liked internationally. With the growth of Indian design skills, Indian clothing has also succeeded in significant fashion hubs worldwide.

India is the world's second-largest manufacturer of textiles and apparel after China. It is also the sixth-largest exporter of textiles used in garments. The essential basis of the Indian textile industry is its strong manufacturing base of a wide range of fibres and yarns, from natural fibres like cotton, jute, silk and wool. According to IBEF, the domestic textiles and apparel industry contributes 2.3% to India's GDP, 13% of industry output in value terms and 12% of the country's export earnings. According to Wazir Advisors, apparel constitutes ~73% share of the total T&A market in India.

With a sizeable, unrivalled raw material base and manufacturing prowess across the value chain, India's textile industry is one of the biggest in the world. The industry is unique because it excels in the capital-intensive mill and hand-woven sectors. One of the critical sectors of the Indian economy is the textile and apparel sector. By 2029, it is anticipated that the Indian textile market will be valued at more than US\$ 209 billion. As per the IBEF report, the textile and apparel industry contribute significantly to employing the people of India, with around 4.5 Mn workers, including 35.22 lakh handloom workers across the country.

On the other hand, the winter wear market in India has seen the emergence of a wide variety of materials, designs, and styles over the last few decades to accommodate the shifting lifestyles and preferences of modern customers. Thus, like other areas of the fashion business, casual, lightweight clothing is becoming more popular for winter use. The increased popularity of knitwear is primarily due to this trend toward informal looks and comfort wearing.

### Budget FY23 and Its Impact on Textile and Apparel Exporters

The Union Budget FY23 features many elements which will bring a massive change to the growth of the Indian economy.

The various schemes and renewed budgets for this fiscal year FY23 have more or less impacted the textile and apparel exporters and industry. With the renewed policies, the growth rate of the businesses in the country is expected to go up by an additional 9.27% in the upcoming year, making it a phenomenal achievement for the country after the great strike of the Pandemic. This unprecedented growth might double the textile, garment and apparel business size over the next five years and consequential is bound to be upwards trend in apparel industry in particular by having access to world class fashionable textile available to industry.

### Indian Apparel Industry

India is among the top garment manufacturing countries in the world. Indian apparel products have a history of fine craftsmanship across the entire value chain, from fibre, yarn, and fabric to highly globally appealing apparel. The growth witnessed, especially in the last five years, has been exemplary. After a fantastic 2019 (the US \$ 80.01 billion), 2020 saw a dip in numbers (the US \$ 66.54 billion) before the fashion retail sector came back in 2021 by clocking the US \$ 73.18 billion.

The year 2020 has been the most challenging year for the industry players. Consumer apparel purchases were poorly hit due to the global lockdowns and economic recession. However, FY22 looked brighter given the onset of vaccination drives, growth in e-commerce sales of apparel, and resumption of global supply chains.

As per a Statista report, revenues from the apparel market amount to US\$ 88.49 billion in 2022. The market is expected to grow by 4.84% (CAGR 2022-2026). The market's largest segment is the Women's Apparel segment, with a market volume of US\$ 39.91 billion in CY 2022. The retail apparel market has had an excellent start to the year. As per the latest report of Wazir Advisors, the US, a core market for Indian apparel exporters, is witnessing good growth in apparel sales. In March 2022, US monthly apparel store sales are estimated to be US \$ 17 billion, which is 4% higher than in March 2021. On YTD bases, the sales are 15% higher than in 2021.

According to the Retailers Association of India's (RAI) most recent industry survey, overall retail sales in February 2022 were 10% higher than in the previous year. Particularly apparel experienced a double-digit rise in the month, whereas Omicron instances consistently decreased.

India's products are sustainable and meet all social and environmental compliances as per the import requirements of the respective countries. The Indian apparel export is geared up for further growth as the Government is making rigorous efforts towards promoting 'Brand India' through various global platforms, showcasing its strength in sustainability, circularity, ethical sourcing and manufacturing, labour standards, women employment, etc.

### **Impact of Covid on the Indian Textile & Apparel Industry**

The Covid-19 crisis affected the Indian fashion and textile sector holistically. The manufacturing activity across Asia was halted due to cancelled orders and the unavailability of raw materials. Due to the mandatory lockdown, thousands of garment and textile factories had to shut down, causing significant disruption in supply and demand.

Nation-wise lockdowns and factory shutdowns had a high financial impact on the weaker sections of the population, primarily daily wage earners engaged in the informal economy. In March and April 2020, the pandemic affected millions of casual workers; due to the lockdown scenario, transportation returning to their villages became challenging. Social aspects in the value chain have always been neglected. This outbreak has further exposed the susceptibility and lack of social security of these workers, who contribute to the splendid accomplishment of the fashion industry. However, with the consistent efforts to lookout the new avenues for the market, 2021 year showed turnaround and has been further strengthened in the year 2022, which is evident from the figures of growth available.

Now in 2022, businesses and factories have been operating at total capacity as COVID-19 winds down this year. India's economy appears to be on track for a successful fiscal year FY23.

### **Company Overview**

Monte Carlo Fashion Limited is a well-known brand having a basket of diversified products, which includes Woollen, Cotton, Kids and Home Furnishing product. Monte Carlo Fashions is recognised as a "Superbrand" for woollen knitted apparel in each edition of Consumer Superbrands India. The Company has a presence across India through a judicious mix of EBOs, MBOs and Shops in shops, distributors and national chain stores and online, Located in 21 states & 4 union territories. 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 the 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 for the apparel 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**

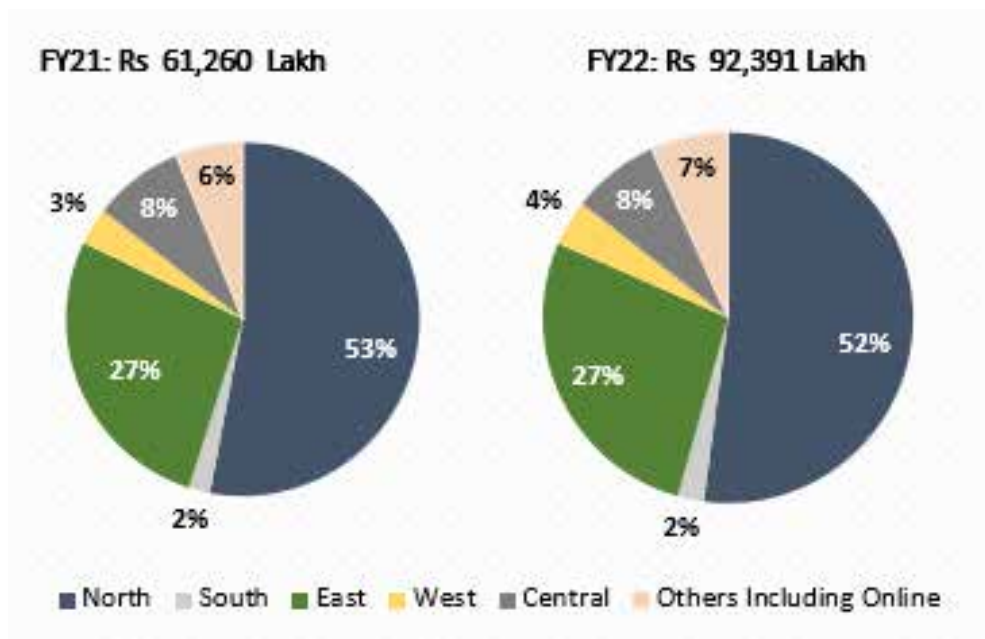
The Company has a Range of Products under the "Monte Carlo" brand:

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

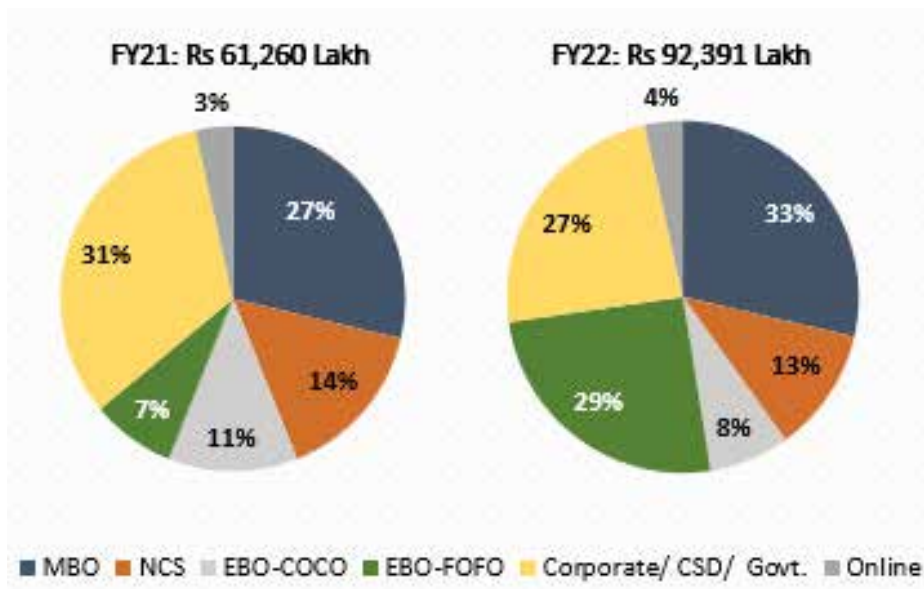
## REGION & CHANNEL WISE REVENUE BREAKUP

The Company has a well-diversified presence across various categories such as Cotton, Woollens, Home Furnishings and Kids etc. Currently, cotton wears contribute around ~55% of the Company's total revenues. Historically, the Company's presence has been strong in the Northern and Eastern regions of India.

### REVENUE BREAKUP - REGION WISE



### REVENUE BREAKUP - CHANNEL WISE



## THE MONTE CARLO ADVANTAGE

### • Marketing Initiatives

The Company's products reach the end-user through different channels, i.e., through Exclusive Brand Outlets (EBOs) and Multi Brand Outlets (MBOs). Currently, Monte Carlo is available through more than 200 Exclusive Brand Outlets & over 1,500 Multi Brand Outlets. The Company has also featured as a Clothing partner in various Films and reality shows and even has 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 its wide and growing distribution network with a diversified presence across India. The Company has a presence through 2,108 plus MBOs, 315 EBOs and 740 NCS outlets. During the tough times of the Covid pandemic, your Company was able to open 35 new stores in different regions and, at the same time, close a 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

The Company has a presence across India through various distribution channels and recently has witnessed huge demand coming through online channels. For FY2022, your Company recorded a sale of ₹ 6,231 Lakh against ₹ 3,720 Lakh in FY2021 through the online channel, which is around 7% of the total revenues and sales volume grew by 67% compared to last year in this channel. With regards to online sales, the Company is looking to focus more on selling through its 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 up-gradation and modernisation, the Company has installed the automatic whole-garment state-of-art manufacturing facility at the existing Ludhiana 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 wastage and increasing efficiency. The Company currently has 30 professionals closely tracking the trending global fashion.

## OPPORTUNITIES

### • Increasing brand awareness and scaling-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 the rise in purchase frequency (fast fashion) and two-thirds of the sector still unorganised, the 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 seniors. This is prevalent in both woollen and cotton & cotton blended apparel 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 organisation. Your Company has a robust risk management framework to identify, monitor and minimise risks. The Board has a 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 the 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 with all regulatory requirements—the Company closely monitor upcoming regulations to prepare itself well in advance and avoid business disruptions.

### • Discounts

All the leading brands, both Indian and International, are going for early discounts/sales. 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 allocation for the textile sector for the year 2022-23 in the Union Budget presented by finance minister Mrs. Nirmala Sitharaman stands at about ₹ 12,38,214 Lakh, which is about 8.1 per cent higher than the revised budget allocation for 2021-22, which stands at about ₹ 11,44,932 Lakh. However, no funds are allocated towards Powerloom Promotion Scheme.

Budget allocation during 2021-22 initially was ₹ 3,63,164 Lakh, but it was later revised to ₹ 11,44,932 Lakh mainly due to increased allocation for procurement of cotton, by Cotton Corporation of India (CCI) under the 'Price Support Scheme' from ₹ 13,600 Lakh initially to ₹ 8,43,988 Lakh. For the financial year 2022-23, the allocation is ₹ 9,24,309 Lakh, which is about 9.5 per cent higher than the revised allocation of last year.

In the present Budget, the Government has allocated about ₹ 13,383 Lakh for Textile Cluster Development Scheme, and hence the total budget allocation for Research and Capacity Building in textiles increased by 73.4 per cent to reach about ₹ 47,883 Lakh in 2022-23, as compared to the revised budget allocation of ₹ 27,610 Lakh in 2021-22.

For 2022-23, the Government has also omitted funds for the North-East Textiles Promotion Scheme, which was ₹ 4,994 Lakh last year. The recently announced Production Linked Incentive (PLI) scheme and PM Mega Integrated Textile Region and Apparel (PM MITRA) scheme also saw an allocation of ₹ 1,500 Lakh each for 2022-23. The Government has also allocated ₹ 10,500 Lakh for the year 2022-23 towards the Raw Material Supply Scheme, which has already been approved for implementation during the period from 2021-22 to 2025-26.

From the above needed efforts/ initiatives taken by Government, it's going to have a very positive impact on the garment and apparel 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 monitor and evaluate the efficiency and adequacy of internal control systems in the Company, its compliance with operating systems and 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 and are presented to the Audit Committee of the Board.

### HUMAN RESOURCE & INDUSTRIAL RELATIONS

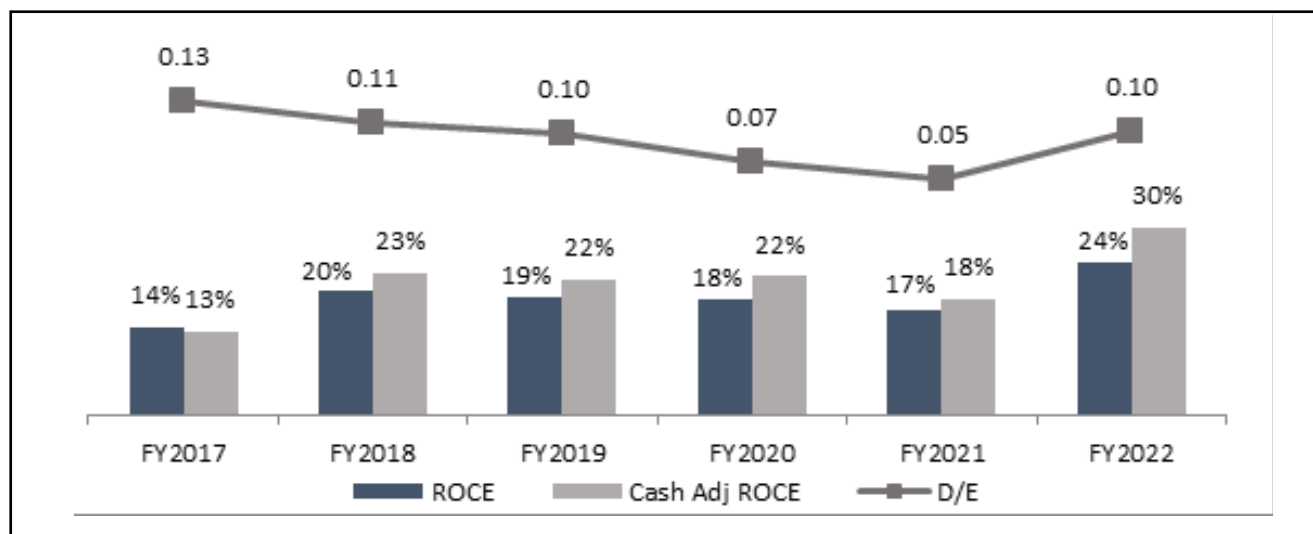
The Company has an excellent track record of cordial and harmonious industrial relations and, over the years, not a single man-day was lost on account of labour unrest. In view of its aggressive growth plans, the Company enhanced its focus on improving human resource productivity and efficiency. The 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 strength of the Company was 1,806 as of March 31, 2022. The Industrial relations were cordial and satisfactory.

### OPERATIONAL PERFORMANCE & FINANCIAL REVIEW

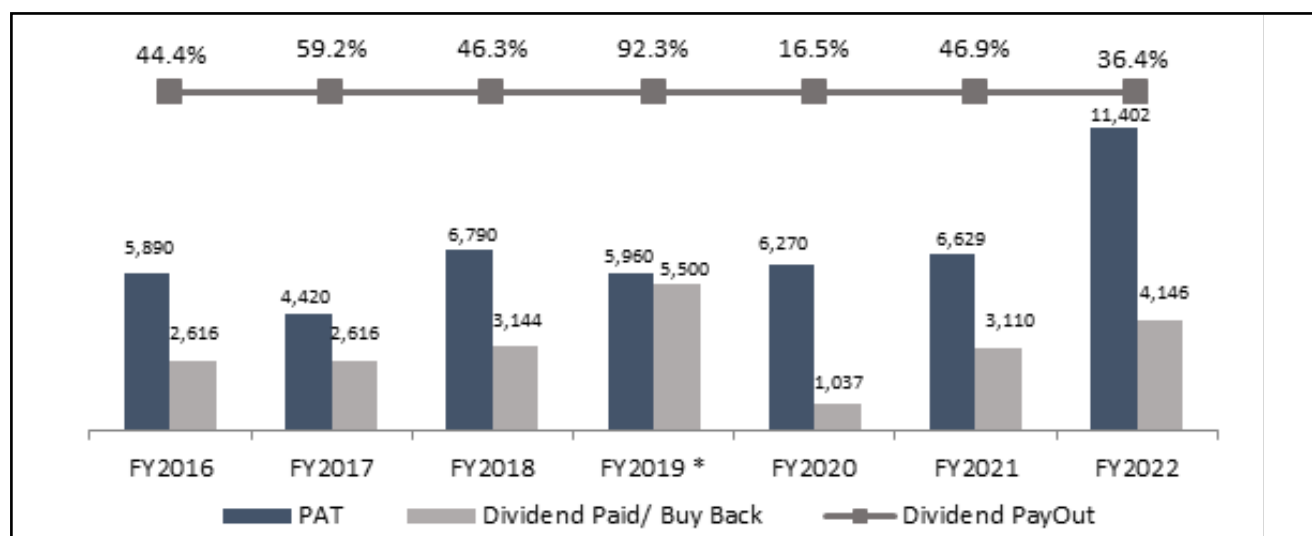
Despite Covid-led disruptions during the FY2022, your Company reported revenue of ₹ 90,432 Lakh as against ₹ 62,201 Lakh in FY2021, which reflects your Company's strong business model and execution skills. The gross margin stood at 48.3% in FY2022 as against 46.8% in FY2021. EBITDA for FY2022 stood at ₹ 18,002 Lakh against ₹ 11,556 Lakh in FY2021. PAT for the year stood at ₹ 11,403 Lakh as against ₹ 6,629 Lakh in FY2021.

On the Balance Sheet front, the Company has a cash balance of ₹ 26,620 Lakh which comprises cash and bank balance along with current and non-current investments. Long-term borrowing is at ₹ 832 Lakh compared to ₹ 1,172 Lakh in FY2021, which shows our efficiency in servicing debt. The debt-to-equity ratio is 0.10x for FY2022. ROCE and Cash Adjusted ROCE are 24% and 30% for the year.





The Company has strong track record and proven expertise to generate healthy, predictable, and sustainable returns for its stakeholders. The Company is committed to wealth creation for all its stakeholders. The Company aims to maintain a consistency in giving dividend to its stakeholders and aims to ensure sustainable and consistent returns to stakeholders. Since 2016 the Company has been committed to paying 100% dividend and in 2019 the Company did a buyback as well.



FY2019\* Company did buyback

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 apparel for Men, Women and Kids under the umbrella brand "Monte Carlo". Your Company has successfully positioned itself as a 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 the home furnishing and kids segment. While the Company already have a pan-India presence, it is looking to penetrate further into the western and southern regions of India and also cautious steps are taken to grow through having presence in 3 tier cities also which is future would be a great sourcers for any industry to grow further

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 organisation to conserve cash to any unwanted situation. Your Company continues to enjoy a comfortable net cash position, and its medium-term liquidity needs are well covered. The company has positive outlook for the near-term future.

The Company is well positioned in terms of its balance sheet strength, brand positioning and a rich product portfolio, to capitalise on the growth in demand expected within India. 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 help 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 any 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 2021-22	FY 2020-21	% Change
Debtors Turnover	times	3.66	5.42	-32.54%
Inventory Turnover	times	1.91	1.58	20.33%
Interest Coverage Ratio	times	12.35	6.02	105.12%
Current Ratio	times	2.48	2.96	-16.22%
Debt Equity ratio	times	0.10	0.06	72.76%
Operating Margin	%	21.46%	13.10%	63.83%
Net Margin	%	12.61%	10.67%	18.18%
Return on Net Worth	%	16.59%	10.97%	51.23%

#### Reason for significant change

- **Debtors Turnover:** Amid Covid-19 pandemic, the business across the nation was mandatorily shut down because of the spread of disease. During the current year, the business is back to normalcy which has resulted in significant increase in revenue. Thus, the turnover days has reduces as compared to previous year.
- **Interest Coverage Ratio:** Increased in current year due to healthy operational performance.
- **Debt Equity ratio:** Increase in Debt Equity ratio is due to additional borrowings obtained during the year by the company for meeting its working capital requirements for expansion of business.
- **Operating Margin and Return on Net Worth:** Increased in current year due to healthy operational performance.

#### CAUTIONARY STATEMENT

This document contains statements about expected future events and 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, FY2022.

For and on behalf of Board of Directors

Place: Ludhiana  
Date: 03.08.2022

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

## BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Directors present the Business Responsibility Report (BRR) of the Company for FY 2021-22. 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 the 9 Principles.

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L51494PB2008PLC032059
2. Name of the Company: Monte Carlo Fashions Limited
3. Registered address: B-XXIX-106, G.T. Road, Ludhiana, Punjab-141010
4. Website- www.montecarlocorporate.com
5. E-mail id- investor@montecarlocorporate.com
6. Financial Year reported: 2021-22
7. 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 implementation)
8. List three key products that the Company manufactures (as in balance sheet)  
The Company is engaged in manufacturing of designer woolen / cotton readymade apparels
9. 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	2500+
Exclusive Business Outlets	300+
National Chain Store	566
Shop-in-Shop Stores	126

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

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid-up Capital(INR): ₹2,073.21 Lakhs
2. Total Turnover(INR): ₹90,432.20 Lakhs
3. Total profit after taxes(INR) : ₹11,394.00 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 ₹180.40 Lakhs on CSR activities (equivalent to 2% of the average net profits of the Company made during the three immediately preceding financial years), as calculated under section 198 of the Companies Act, 2013 ("the Act")

5. List of activities in which expenditure in 4 above has been incurred:-

The CSR Activities of the Company are detailed at Annexure E to the Director's report in the Annual Report for Financial Year 2021-22

### SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	<b>The Company has only one Subsidiary:- Monte Carlo Home Textiles Limited</b>
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).	<b>Monte Carlo Home Textiles Limited had been formed in December, 2022 and is inoperative till March, 2022</b>

3.	Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]	<b>Business associates of the Company have helped the Company in reaching people to continue relief work for people affected by COVID-19 pandemic</b>
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#### SECTION D: BUSINESS RESPONSIBILITY INFORMATION

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

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

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

###### Details of the BR head

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

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

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

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

###### (a) Details of compliance

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders? Refer Note 1	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any National/international standards? If yes, specify? Refer Note 2	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director? Refer Note 3	Y	Y	Y	Y	Y	Y	Y	Y	Y

5	Does the Company have a specified committee of the Board/Director/Official to over see the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Has the policy been formally communicated to all relevant internal and external stakeholders? Refer Note 4	Y	Y	Y	Y	Y	Y	Y	Y	Y
7.	Does the Company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have a grievance redressal mechanism related to the policy/policies to address 'stakeholders' grievances related to the policy/policies? Refer Note 5	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? Refer Note 6	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Indicate the link for the policy to be viewed online?	<a href="https://www.montecarlocorporate.com/investor-relation/policies-code">https://www.montecarlocorporate.com/investor-relation/policies-code</a>								

**Notes:-**

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

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

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

**2. Governance related to BR**

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

The Board of Directors of the Company and its Committees shall continue to assess various business responsibility initiatives undertaken by the Company 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?**

Business Responsibility Report for the year 2021-22 forms part of the Annual Report, which is published and is also available on the website of the Company: [www.montecarlocorporate.com](http://www.montecarlocorporate.com).

**SECTION E: PRINCIPLE-WISE PERFORMANCE****Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

Monte Carlo Fashions Limited compliance framework embraces the principles of good corporate governance with the objective to

create long term sustainable and profitable growth. It strives to enhance the stakeholders' relationship through various initiatives, guidelines and control mechanisms, while upholding the core values of integrity, transparency, fairness, responsibility and accountability.

### Governance

Monte Carlo Fashions Limited (the Company) ongoing efforts encompass' financial stewardship in strategic and daily business decisions to ensure accurate financial reporting and effective controls. The Company's robust governance structure comprises of the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee, which address the concerns with respect to policies and procedures enforced across the Company's business

The Company's business affairs are required to be conducted in compliance with applicable laws, rules and regulations, as a responsible corporate citizen. Policies including code of fair disclosure of unpublished price sensitive information, code for prevention of insider trading and POSH provide necessary direction to manage business risks are in place.

The Code of Conduct affirmed by the Directors and Senior Management personnel ensures the directors and employees adhere to the highest standards of corporate ethics. The affirmation to the Code of Conduct from Company employees is undertaken at the time of employment and renewed during the employment period as and when required. The upcoming reporting period will see strong sustainability governance framework instituted that will ensure seamless integration, improvement and control mechanisms in business.

### Vigilance Policy

The Vigil Mechanism and the Whistle Blower Policy provides stringent processes that treat any act of fraud, bribery and corruption or any violation of the Code of Conduct with seriousness and expects its business partners to adopt the same approach.. The Company's Vigil mechanism empowers the complainant to bring to the attention of the management, any concerns about suspected misconduct, unethical behaviour, suspected fraud, bribery and corruption or any violation without fear of punishment or unfair treatment by reporting at designated e-mail or contact details.

The Company undertakes regular training to sensitise on potential risks of corruption, assess risk, undertake root cause analysis in cause of failures of risk framework and implement corrective measures to strengthen processes. There were no complaints received by Monte Carlo Fashions Limited under the Whistle Blower Policy as on March 31, 2022

### Grievance redressal mechanism:

The Company values its stakeholder relationships, and has made grievance mechanisms accessible to inform, assess and address concerns both through online and offline channels. The consumers can raise their concerns through emails, social media, call or personal meetings.

MCFL has designated email id [investor@montecarlocorporate.com](mailto:investor@montecarlocorporate.com) for receiving and addressing investor grievances. Four (4) investor grievances were received during the year under review; the Company has satisfactorily resolved all investor grievances, and no investor grievance was pending as on March 31, 2022.

### 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 four 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.

- **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.

- **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.

- **New Product Development**

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). 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.

- **Recycling:**

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

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

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

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

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

#### **Permanent Employees Strength of Company as on March 31, 2022, was as under:-**

<b>Total Strength</b>	<b>No. of Male Employees</b>	<b>No. of Female Employees</b>
1806	1476	330

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

The Company did not hire any employee on contract basis in the financial year 2021-22, and no worker/ labour unions existed as on March 31, 2022.

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

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

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

- **Engaging with Government and Regulators:**

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

- **Investor Engagement:**

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

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

- **Employee Engagement:**

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

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

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

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

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

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

Your Company adheres to the human rights principle of dignity of the workforce regardless of the nation, location, language, religion, ethnic origin or any other status of an individual.

Your Company's human rights policy recognizes the following priority issues:

- compliance with applicable labour laws
- zero tolerance to the child, forced or compulsory labour in operations and supply chains,
- equal opportunity, provide opportunities for all employees to express concerns and seek redressal, health and safety of our employees, respect and support of social and cultural norms of local communities

Prime importance is given towards maintaining better working conditions in the manufacturing units to take care of the health & safety of employees. We have placed grievance redressal mechanisms in every manufacturing unit and we try to ensure a harassment free work environment along with workplace health and safety. Communication meetings between employees and senior officials are regularly conducted to redress the grievance of employees and maintain harmonious relations between the management and employees.

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

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

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

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

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

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

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

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

The initiatives taken by the Company for energy efficiency are detailed in Annexure E to the 'Directors' Report included in the Annual Report for FY 2021-22.

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.**

Your Company was a member of the Confederation of Indian Industry [CII] and apex chamber of commerce and industry (apex chamber) as on March 31, 2022. The Company appreciates the importance of trade associations. Trade associations provide a forum for information sharing and discussion with both trade association officials and representatives of various sectors.

Management and the senior leadership team interact with various professional bodies and organizations to anticipate and understand the government regulations, economic scenario, industrial environment and advancement of public goods and services.



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

Monte Carlo believes that its business is built around strong social relevance of inclusive growth by supporting the common man in meeting their financial needs. Inclusive growth and business sustainability are the core of strategy and business practices.

As a responsible organization, the company is committed towards the above objective and is keen on developing a sustainable business model to ensure and activate future growth drivers.

Pursuant to the requirements detailed in Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued by the Ministry of Corporate Affairs (“MCA”) the Company has developed its Corporate Social Responsibility (“CSR”) policy. The key focus areas of the 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 2021-22, the Company spent ₹180.42 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 Annual Report for the Financial Year 2021-22.

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

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

The Company’s commitment to provide high quality products to consumers has made it one of the most trusted and popular brands among Indian consumers.

To understand the customers better, the Company adopts several procedures including customer surveys, customer audits and direct feedback. Regular trainings is conducted by Learning and Development Teams pan India for store employees including Customer Service Teams at stores to ensure customer service level is improved. These include improving product knowledge, focusing on enhancing salesmanship skills and enhancing soft skills required to have polite and confident conversation with customers.

The Company is committed to building trust, disclosing information truthfully and factually including the use of cautionary statements and transparent communication. Also, the Company ensures that its marketing & advertising campaigns and other targeted communications do not confuse or mislead or violate any of the principles in these Guidelines.

The Company fully complies with 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

There are no cases filed by any stakeholder against the Company regarding irresponsible advertising and/or anti-competitive behaviour during the year and pending as on end of the financial year.

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

**Place: Ludhiana**  
**Date: 03.08.2022**

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

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

### Opinion

1. We have audited the accompanying standalone financial statements of Monte Carlo Fashions Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow 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 standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') (as amended) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, 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 Standalone 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.

### Key Audit Matter

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone 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.
5. 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><b>Sales returns</b></p> <p>Refer accounting policies in note 1 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 customers have right to return goods with no specific period of return from 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 year for expected returns in the subsequent periods based on 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><b>Our audit procedures in relation to revenue returns included, but were not limited to, the following:</b></p> <ul style="list-style-type: none"> <li>• Reviewed the process of sales returns and assessed the appropriateness of the accounting policy adopted by the Company for revenue recognition.</li> <li>• Assessed the design and implementation of controls in respect of the revenue recognition and sales returns and tested the effectiveness of key revenue controls operating across the business.</li> <li>• Obtained the historical trends for revenue and corresponding sales returns based on the accounting records maintained by the Company.</li> <li>• Analyzed the appropriateness for the exclusions of certain revenue transactions from the estimations for expected sales returns. Verified the customer's right to return goods with the signed agreements and corroborated the sales return estimates made by the management for the year based on discussions with management around past trends and other relevant factors.</li> </ul>

<p>Accordingly, Company has adjusted revenue of the current year by ₹ 1,959.45 lakhs. Company has recognized refund liability amounting to ₹ 5,628.98 lakhs and right to recover products from customers amounting to ₹ 3,669.53 lakhs as at 31 March 2022.</p> <p>Considering the materiality of the amounts involved and significant judgements as discussed, including the inherent limitations involved in estimating the future sales returns based on past trends, this matter has been identified as a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> <li>• Obtained the classification of contracts with similar characteristics, performed detailed analysis of the terms applicable for different types of contracts.</li> <li>• Tested the arithmetical accuracy of the calculations performed by the management in arriving at the expected value of sales returns.</li> <li>• Ensured that the accounting treatment in accordance with the provisions of Ind AS 115.</li> <li>• Assessed the adequacy and appropriateness of the disclosures made in the financial statements is in accordance with the applicable accounting standards.</li> </ul>
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### Information other than the Standalone Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors are responsible for the other information. Other information does not include the standalone financial statements and our auditor's report thereon.

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

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

The Annual Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

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

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to error.
8. In preparing the standalone financial statements, the Board of Directors are 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 the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

10. 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 standalone financial statements.
11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act, 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 with reference to financial statements 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 Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. 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.
13. 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.
14. 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**

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid 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.
16. As required by the Companies (Auditor's Report) Order, 2020 ('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, to the extent applicable.
17. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent 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 standalone 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 standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion.; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigation which would impact its financial position as at 31 March 2022;
- 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 2022;
- iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022;
- iv.
  - a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 44(a) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entity, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 44(b) to the standalone financial statements, no funds have been received by the Company from any person or entity, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The final dividend paid by the Company during the year ended 31 March 2022 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 48 to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sandeep Mehta**

Partner

Membership No.: 099410

UDIN: 22099410AJWJGH7933

**Place:** Mohali

**Date:** 30 May 2022

## **Annexure I referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Monte Carlo Fashions Limited on the standalone financial statements for the year ended 31 March 2022**

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.  
(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular program of physical verification of its property, plant and equipment and right of use assets under which the assets are physically 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 property, plant and equipment and right of use assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment and Right of Use assets or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods in transit and inventory lying with third parties. For stock lying with third parties written confirmations have been obtained by the management. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed. In respect of inventory lying with third parties, these have substantially been confirmed by the third parties.
- (b) The Company has a working capital limit in excess of Rs 5 crore sanctioned by banks based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods, which were subject to audit.
- (iii) The Company has not provided any guarantee or given any security or granted any loans or advances in the nature of loans during the year. However, the Company has made investments and in our opinion, and according to the information and explanations given to us, such investments made are, prima facie, not prejudicial to the interest of the Company.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans, investments, guarantees and security, as applicable.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (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/business activity. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- (vii) (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and service charge, provident fund, employees' state insurance, income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with appropriate authority. 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) According to the information and explanations given to us, there are no statutory dues referred to in subclause (a) above that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.  
(b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.

- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiary.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit except for certain instances identified by the management through customer complaints or internal checks, where discounts as offered by the Company were not passed to the end-customers by the franchisee owners, as further explained in Note 47 to the financial statements. Based on internal investigation, the management is of the view that the potential impact of any such further instance during the year is not expected to be material to the accompanying financial statements. Further, the Company has imposed financial penalties on such franchisees as described in the said note.
- (b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- (c) The whistle blower complaints received by the Company during the year, as shared with us by the management have been considered by us while determining the nature, timing and extent of audit procedures.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as at the expiry of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxii) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sandeep Mehta**

Partner

Membership No.: 099410

UDIN: 22099410AJWJGH7933

**Place:** Mohali

**Date:** 30 May 2022



**Independent Auditor's Report on the internal financial controls with reference to the standalone 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 standalone financial statements of Monte Carlo Fashions Limited ('the Company') as at and for the year ended 31 March 2022, 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 2022, 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: 22099410AJWJGH7933

**Place:** Mohali**Date:** 30 May 2022

## Standalone Balance Sheet as at 31 March 2022

(All amounts in ₹ lakhs, unless stated otherwise)

ASSETS	Notes	As at 31 March 2022	As at 31 March 2021
<b>Non-current assets</b>			
a) Property, plant and equipment	2.1	15,321.53	14,926.87
b) Right-of-use assets	2.2	7,721.89	7,521.21
c) Capital work-in-progress	3.1	127.43	-
d) Intangible assets	4	36.26	36.01
e) Intangible assets under development	3.2	183.09	116.44
f) Financial assets			
i) Investments	5.1	2,710.88	392.41
ii) Other financial assets	5.2	3,464.43	1,582.32
g) Deferred tax assets (net)	27	1,291.29	912.29
h) Other non-current assets	6	380.44	247.91
<b>Total non-current assets</b>		<b>31,237.24</b>	<b>25,735.46</b>
<b>Current assets</b>			
a) Inventories	7	28,908.34	20,153.92
b) Financial assets			
i) Investments	8.1	14,066.53	17,359.59
ii) Trade receivables	8.2	26,513.23	22,949.97
iii) Cash and cash equivalents	8.3	31.94	44.46
iv) Other bank balances not considered as cash and cash equivalents	8.4	7,060.17	4,041.02
v) Loans	8.5	41.78	43.00
vi) Other financial assets	8.6	367.51	363.46
c) Other current assets	9	3,957.70	2,969.19
<b>Total current assets</b>		<b>80,947.20</b>	<b>67,924.61</b>
<b>Total assets</b>		<b>112,184.44</b>	<b>93,660.07</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	10	2,073.21	2,073.21
b) Other equity	11	66,662.60	58,335.80
<b>Total equity</b>		<b>68,735.81</b>	<b>60,409.01</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	12.1	832.51	1,172.69
ii) Lease liabilities	12.2	7,412.97	7,195.32
iii) Other financial liabilities	12.3	2,294.80	1,861.86
b) Other non-current liabilities	13	266.77	103.27

<b>Total non-current liabilities</b>		<b>10,807.05</b>	<b>10,333.14</b>
<b>Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	14.1	6,009.89	2,308.08
ii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises; and	14.2	23.68	147.62
Total outstanding dues of creditors other than micro enterprises and small enterprises	14.2	14,748.26	13,724.07
iii) Lease liabilities	14.3	1,314.66	1,157.01
iv) Other financial liabilities	14.4	7,247.92	4,273.82
b) Other current liabilities	15	1,454.00	1,157.18
c) Provisions	16	666.06	88.38
d) Current tax liabilities (net)	17	1,177.11	61.76
<b>Total current liabilities</b>		<b>32,641.58</b>	<b>22,917.92</b>
<b>Total equity and liabilities</b>		<b>112,184.44</b>	<b>93,660.07</b>

**Notes 1 to 50 forms an integral part of these standalone financial statements**

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

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**For Monte Carlo Fashions Limited**

**Sandeep Mehta**

Partner

Membership No.: 099410

**Jawahar Lal Oswal**

(Chairman and Managing Director)

(DIN : 00463866)

**Sandeep Jain**

(Executive Director)

(DIN : 00565760)

**Raj Kapoor Sharma**

(Chief Financial Officer)

(Membership No. 093017)

**Ankur Gauba**

(Company Secretary)

(Membership No. FCS10577)

Place : Mohali

Date : 30 May 2022

Place : Ludhiana

Date : 30 May 2022

**Standalone Statement of Profit and Loss for the year ended 31 March 2022**

(All amounts in ₹ lakhs, unless stated otherwise)

	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>I INCOME</b>			
Revenue from operations	18	90,432.20	62,201.73
Other income	19	2,548.69	2,017.07
<b>Total income</b>		<b>92,980.89</b>	<b>64,218.80</b>
<b>II EXPENSES</b>			
Cost of materials consumed	20	22,996.21	14,894.44
Purchases of stock-in-trade	21	31,740.63	16,894.58
Changes in inventories of finished goods, work-in-progress and traded goods	22	(7,956.53)	1,309.95
Employee benefit expense	23	8,117.70	5,988.56
Finance costs	24	1,568.47	1,351.04
Depreciation and amortisation expense	25	3,725.29	3,420.03
Other expenses	26	17,531.62	11,558.13
<b>Total expenses</b>		<b>77,723.39</b>	<b>55,416.72</b>
<b>III Profit before tax (I-II)</b>		<b>15,257.50</b>	<b>8,802.07</b>
<b>IV Tax expense:</b>	27		
(1) Current tax expense		4,244.03	2,393.68
(2) Deferred tax income		(390.11)	(221.19)
<b>V Profit for the year (III-IV)</b>		<b>11,403.58</b>	<b>6,629.58</b>
<b>VI Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement gain on defined benefit obligations		52.24	399.35
Income tax relating to these items		(13.15)	(100.51)
Net fair value loss on investment in perpetual bonds through OCI		(8.12)	-
Income tax relating to these items		2.04	-
<b>Other comprehensive income for the year, net of tax</b>		<b>33.01</b>	<b>298.84</b>
<b>VII Total comprehensive income for the year</b>		<b>11,436.59</b>	<b>6,928.42</b>
<b>VIII Earnings per equity share (nominal value ₹ 10 each)</b>	29		
Basic		55.00	31.98
Diluted		55.00	31.98

**Notes 1 to 50 forms an integral part of these standalone financial statements**

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

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sandeep Mehta**

Partner

Membership No.: 099410

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

(Chairman and Managing Director)

(DIN : 00463866)

**Raj Kapoor Sharma**

(Chief Financial Officer)

(Membership No. 093017)

**Sandeep Jain**

(Executive Director)

(DIN : 00565760)

**Ankur Gauba**

(Company Secretary)

(Membership No. FCS10577)

Place : Mohali

Date : 30 May 2022

Place : Ludhiana

Date : 30 May 2022

## Standalone Statement of Cash flow for the year ended 31 March 2022

(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>A. Cash flow from operating activities:</b>		
<b>Profit before tax</b>	15,257.50	8,802.07
Add: Adjustment for non-cash and non-operating items		
Depreciation and amortisation expense	3,725.29	3,420.03
Finance costs *	1,568.47	1,351.04
Interest income	(607.78)	(607.82)
Profit/ (loss) on sale of investments (net)	(138.40)	3.36
Profit/ (loss) on sale of property, plant and equipment (net)	183.75	8.04
Advances written back	-	(30.56)
Unrealised foreign exchange gain	(29.16)	-
Rent Concessions	(384.61)	(548.03)
Profit on derecognition of lease contract	(203.61)	(26.48)
Fair valuation of investments through profit and loss	(674.04)	(529.69)
Amounts written off	29.37	271.02
Provision for balances with statutory and government authorities	-	168.46
Provision for credit impaired receivables	-	20.78
<b>Operating profit before working capital changes</b>	<b>18,726.79</b>	<b>12,302.22</b>
Adjustments for movement in:		
Trade Receivables	(3,592.63)	1,974.96
Inventories	(8,754.42)	1,464.28
Trade Payables	900.27	(2,864.38)
Financial and non-financial assets	(1,146.87)	(22.69)
Financial and non-financial liabilities	3,482.63	(269.86)
Provisions	577.67	68.76
<b>Cash generated from operating activities before taxes</b>	<b>10,193.44</b>	<b>12,653.29</b>
Direct taxes paid (net of refunds and demands)	(3,128.68)	(1,442.38)
<b>Net cash generated from operating activities (A)</b>	<b>7,064.76</b>	<b>11,210.91</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of property, plant and equipment (including capital advances and creditors for capital goods)	(2,508.07)	(1,732.72)
Proceeds from sale of property, plant and equipment	42.20	23.14
Purchase of investments	(2,656.48)	(10,900.00)
Proceeds from sale of investments	4,554.08	7,039.27
Purchase of equity shares in subsidiary	(20.00)	-
Other bank balances not considered as cash and cash equivalents		
Placed	(8,809.69)	(4,233.79)
Matured	4,041.02	1,142.29
Interest received	518.16	441.83
<b>Net cash (used in)/generated from investing activities (B)</b>	<b>(4,838.78)</b>	<b>(8,219.99)</b>

<b>C. Cash flow from financing activities:</b>		
Repayment of long-term borrowings	(1,637.18)	(458.05)
Proceeds from long-term borrowings	1,162.50	-
Proceeds from current borrowings (net)	3,832.22	303.21
Payment of lease liabilities	(1,662.30)	(1,178.79)
Dividend paid	(3,109.81)	(1,036.76)
Finance cost paid*	(823.93)	(710.50)
<b>Net cash used in financing activities (C)</b>	<b>(2,238.50)</b>	<b>(3,080.89)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(12.52)</b>	<b>(89.97)</b>
Cash and cash equivalents at the beginning of the year	44.46	134.43
<b>Closing cash and cash equivalents</b>	<b>31.94</b>	<b>44.46</b>
<b>Cash and cash equivalents (refer note 8.3) include:</b>		
Cash on hand (including stamps)	31.43	21.49
Balance with banks	0.51	22.97
<b>Cash and cash equivalents</b>	<b>31.94</b>	<b>44.46</b>

\*Finance cost paid includes interest paid on lease liabilities amounting to ₹ 770.52 Lakhs for the year ended 31 March 2022 (₹ 692.24 lakhs for the year ended 31 March 2021)

**Notes to cash flow statement:**

- 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".
- Negative figures have been shown in brackets.
- Additions to property, plant, equipment and intangible assets include movements of capital work-in-progress, intangible assets under development, creditors for capital goods and capital advances during the year.

**Notes 1 to 50 forms an integral part of these standalone 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

**For Monte Carlo Fashions Limited**

**Sandeep Mehta**

Partner

Membership No.: 099410

**Jawahar Lal Oswal**

(Chairman and Managing Director)

(DIN : 00463866)

**Sandeep Jain**

(Executive Director)

(DIN : 00565760)

**Raj Kapoor Sharma**

(Chief Financial Officer)

(Membership No. 093017)

**Ankur Gauba**

(Company Secretary)

(Membership No. FCS10577)

Place : Mohali

Date : 30 May 2022

Place : Ludhiana

Date : 30 May 2022

## Standalone Statement of changes in equity for the year ended 31 March 2022

(All amounts in ₹ lakhs, unless stated otherwise)

A. Equity share capital	
As at 1 April 2020	2,073.21
Changes in equity share capital during the year	-
As at 31 March 2021	2,073.21
Changes in equity share capital during the year	-
As at 31 March 2022	2,073.21

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

Particulars	Other equity						Total
	Capital reserves	Capital redemption reserve	Securities premium	General reserve	Retained earnings	Other comprehensive income	
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
<b>Total comprehensive income for the year</b>	<b>0.01</b>	<b>100.00</b>	<b>7,469.76</b>	<b>38,086.51</b>	<b>13,716.29</b>	<b>-</b>	<b>59,372.57</b>
Dividend	-	-	-	-	(1,036.77)	-	(1,036.77)
<b>Balance as at 31 March 2021</b>	<b>0.01</b>	<b>100.00</b>	<b>7,469.76</b>	<b>38,086.51</b>	<b>12,679.52</b>	<b>-</b>	<b>58,335.80</b>
<b>Balance as at 1 April 2021</b>	<b>0.01</b>	<b>100.00</b>	<b>7,469.76</b>	<b>38,086.51</b>	<b>12,679.52</b>	<b>-</b>	<b>58,335.80</b>
Profit for the year	-	-	-	-	11,403.58	-	11,403.58
Net fair value gain on investment in perpetual bonds through OCI (net of tax)	-	-	-	-	-	(6.08)	(6.08)
Remeasurement of defined benefit obligations (net)	-	-	-	-	39.09	-	39.09
<b>Total comprehensive income for the year</b>	<b>0.01</b>	<b>100.00</b>	<b>7,469.76</b>	<b>38,086.51</b>	<b>24,122.21</b>	<b>(6.08)</b>	<b>69,772.41</b>
Dividend	-	-	-	-	(3,109.81)	-	(3,109.81)
<b>Balance as at 31 March 2022</b>	<b>0.01</b>	<b>100.00</b>	<b>7,469.76</b>	<b>38,086.51</b>	<b>21,012.40</b>	<b>(6.08)</b>	<b>66,662.60</b>

#### Notes 1 to 50 forms an integral part of these standalone 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

#### For Monte Carlo Fashions Limited

#### Sandeep Mehta

Partner

Membership No.: 099410

#### Jawahar Lal Oswal

(Chairman and Managing Director)

(DIN : 00463866)

#### Sandeep Jain

(Executive Director)

(DIN : 00565760)

#### Raj Kapoor Sharma

(Chief Financial Officer)

(Membership No. 093017)

#### Ankur Gauba

(Company Secretary)

(Membership No. FCS10577)

Place : Mohali

Date : 30 May 2022

Place : Ludhiana

Date : 30 May 2022



## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

### 1. i) Corporate information

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

### ii) Basis of preparation

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

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

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

### iii) Significant accounting policies

#### a) Use of estimates

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

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

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

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

All other assets are classified as non-current.

#### A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

#### c) Inventory

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

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:** Manufactured finished goods are stated at the lower of cost or market value. 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:** Traded finished goods are 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*

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

##### *Depreciation*

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

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

- i) Leasehold land is amortised over the period of lease.

##### *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*

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.

**Initial recognition**

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

**Subsequent measurement**

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

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

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

**h) Fair value measurement**

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

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

#### i) **Revenue recognition**

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

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

##### **Sale of goods:**

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions, other variable consideration 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.

##### **Sales return**

##### **Refund liability arising from rights to return**

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

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

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

j) **Borrowing costs**

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

k) **Financial instruments**

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

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

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

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

**Financial assets**

**Classification and subsequent measurement**

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

- i. **Financial assets at amortised cost** – a financial instrument is measured at amortised cost if both the following conditions are met:
- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

ii. **Financial assets at fair value**

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

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

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

- **Mutual funds** – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).
- **Derivative assets** - All derivative assets are measured at fair value through profit and loss (FVTPL).
- **Investments in equity instruments** – The Company subsequently measures all equity investments (other than subsidiaries) at fair value (either through profit or loss or through other comprehensive income). Dividends from such investments are recognized in the statement of profit or loss as other income when the Company's right to receive payments is established.
- **Financial assets carried at fair value through other comprehensive income (FVTOCI)** – A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling the financial asset. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from equity to the statement of profit and loss.

### 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. 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.

### 1) Retirement and other employee benefits

#### Defined contribution plan

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

#### Defined benefit plans

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

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

#### Other short term benefits

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

### m) Provisions, contingent liabilities and contingent assets

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.

Contingent assets are not recognized. However, when inflow of economic benefits is probable, related asset is disclosed.

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

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

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

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

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

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

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

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

**p) Income taxes**

**Current income tax**

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

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

#### **Deferred tax**

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

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

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

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

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

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

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

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

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

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

**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) Realization of discounts given**

At each balance sheet date, basis historical trends, and policy of the company, the management assesses the expected discount to be given to customers. However, the actual outcome may be different from management's estimates.

**(iv) 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) Leases**

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

**Ind AS 116 Leases – Estimating the Lease Term**

The Company adopted Ind AS 116 using the modified retrospective -2A method of adoption, with the date of initial application on 1 April 2019. The comparative figures are not restated and the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

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 to exercise the option to renew or terminate the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

**x) Recent accounting pronouncements**

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

**- Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

**- Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendment to have any significant impact in its financial statements.

**- Ind AS 37 – Onerous Contracts – Costs of Fulfilling a Contract**

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The Company does not expect the amendment to have any significant impact in its financial statements.

**- Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

**- Ind AS 116 – Annual Improvements to Ind AS (2021)**

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

## 2.1 Property, plant and equipment

(All amounts in ₹ lakhs, unless stated otherwise)

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Office equipment	Furniture and fixtures	Vehicles	Total
<b>Gross carrying value</b>								
<b>Balance as at 1 April 2020</b>	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
<b>Balance as at 31 March 2021</b>	<b>3,875.09</b>	<b>17.80</b>	<b>12,575.14</b>	<b>18,195.84</b>	<b>680.73</b>	<b>1,081.56</b>	<b>805.05</b>	<b>37,231.21</b>
Additions during the year	-	-	159.67	2,316.94	86.77	50.88	56.24	2,670.50
Disposals during the year	-	-	-	1,108.48	2.03	-	28.43	1,138.94
<b>Balance as at 31 March 2022</b>	<b>3,875.09</b>	<b>17.80</b>	<b>12,734.81</b>	<b>19,404.30</b>	<b>765.47</b>	<b>1,132.44</b>	<b>832.86</b>	<b>38,762.77</b>
<b>Accumulated depreciation</b>								
<b>Balance as at 1 April 2020</b>	-	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
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>0.95</b>	<b>5,522.77</b>	<b>14,950.79</b>	<b>578.86</b>	<b>791.97</b>	<b>459.00</b>	<b>22,304.34</b>
Additions during the year	-	0.18	642.69	1,158.49	56.14	76.10	116.30	2,049.90
Disposals during the year	-	-	-	884.36	1.63	-	27.01	913.00
<b>Balance as at 31 March 2022</b>	<b>-</b>	<b>1.13</b>	<b>6,165.46</b>	<b>15,224.92</b>	<b>633.37</b>	<b>868.07</b>	<b>548.29</b>	<b>23,441.24</b>
<b>Net carrying amount</b>								
<b>Balance as at 31 March 2021</b>	<b>3,875.09</b>	<b>16.85</b>	<b>7,052.37</b>	<b>3,245.05</b>	<b>101.87</b>	<b>289.59</b>	<b>346.05</b>	<b>14,926.87</b>
<b>Balance as at 31 March 2022</b>	<b>3,875.09</b>	<b>16.67</b>	<b>6,569.35</b>	<b>4,179.38</b>	<b>132.10</b>	<b>264.37</b>	<b>284.57</b>	<b>15,321.53</b>

### Notes:

- i) Refer note 28 for disclosure of capital commitments for the acquisition of property, plant and equipment.
- ii) Refer note 30 for information on assets pledged as security by the Company.

## 2.2 Right-of-use assets

Particulars	Land and Buildings	Total
<b>Gross carrying value</b>		
<b>Balance as at 1 April 2020</b>	<b>8,870.80</b>	<b>8,870.80</b>
Additions during the year	1,374.82	1,374.82
<b>Balance as at 31 March 2021</b>	<b>10,245.62</b>	<b>10,245.62</b>
Additions during the year	1,855.30	1,855.30
<b>Balance as at 31 March 2022</b>	<b>12,100.92</b>	<b>12,100.92</b>
<b>Accumulated depreciation</b>		
<b>Balance as at 1 April 2020</b>	<b>1,285.06</b>	<b>1,285.06</b>
Additions during the year	1,439.35	1,439.35
<b>Balance as at 31 March 2021</b>	<b>2,724.41</b>	<b>2,724.41</b>
Additions during the year	1,654.62	1,654.62
<b>Balance as at 31 March 2022</b>	<b>4,379.03</b>	<b>4,379.03</b>

**Net carrying amount**

<b>Balance as at 31 March 2021</b>	7,521.21	7,521.21
<b>Balance as at 31 March 2022</b>	7,721.89	7,721.89

**Note:**

i) Refer note 40 for information on assets taken on lease.

**3.1 Capital work-in-progress****Movement in capital work-in-progress**

<b>Balance as at 1 April 2020</b>	-
Additions during the year	-
Capitalisation during the year	-
<b>Balance as at 31 March 2021</b>	-
Additions during the year	127.43
Capitalisation during the year	-
<b>Balance as at 31 March 2022</b>	<b>127.43</b>

**Carrying value**

<b>Balance as at 31 March 2021</b>	-
<b>Balance as at 31 March 2022</b>	<b>127.43</b>

**Notes:**

i) Capital work-in-progress includes building under construction not ready for use as at year end.

ii) Refer note 30 for information on assets pledged as security by the Company.

**Capital work in progress ageing schedule**

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>Projects in progress</b>					
As at 31 March 2022	127.43	-	-	-	127.43
As at 31 March 2021	-	-	-	-	-

**3.2 Intangible assets under development****Movement in Intangible assets under development**

<b>Balance as at 1 April 2020</b>	248.54
Additions during the year	194.52
Capitalisation during the year	326.62
<b>Balance as at 31 March 2021</b>	<b>116.44</b>
Additions during the year	66.65
Capitalisation during the year	-
<b>Balance as at 31 March 2022</b>	<b>183.09</b>

**Carrying value**

<b>Balance as at 31 March 2021</b>	<b>116.44</b>
<b>Balance as at 31 March 2022</b>	<b>183.09</b>

**Notes:**

i) Intangible assets under development includes software under construction not ready for use as at year end.

ii) Refer note 30 for information on assets pledged as security by the Company.

**Intangible assets under development ageing schedule**

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>Projects in progress</b>					
As at 31 March 2022	66.66	8.93	107.50	-	183.09
As at 31 March 2021	8.93	107.51	-	-	116.44

**4 Intangible assets**

Particulars	Computer software	Total
<b>Gross carrying value</b>		
<b>Balance as at 1 April 2020</b>	<b>229.51</b>	<b>229.51</b>
Additions during the year	10.69	10.69
<b>Balance as at 31 March 2021</b>	<b>240.20</b>	<b>240.20</b>
Additions during the year	21.03	21.03
<b>Balance as at 31 March 2022</b>	<b>261.23</b>	<b>261.23</b>
<b>Accumulated amortisation</b>		
<b>Balance as at 1 April 2020</b>	<b>171.93</b>	<b>171.93</b>
Additions during the year	32.26	32.26
<b>Balance as at 31 March 2021</b>	<b>204.19</b>	<b>204.19</b>
Additions during the year	20.78	20.78
<b>Balance as at 31 March 2022</b>	<b>224.97</b>	<b>224.97</b>
<b>Net carrying amount</b>		
<b>Balance as at 31 March 2021</b>	<b>36.01</b>	<b>36.01</b>
<b>Balance as at 31 March 2022</b>	<b>36.26</b>	<b>36.26</b>

**5.1 Non-current investments**

	As at 31 March 2022		As at 31 March 2021	
	Units	Amount	Units	Amount
<b>Investments in bonds and debentures</b>				
<b>At fair value through other comprehensive income</b>				
<b>Quoted</b>				
Bank of Baroda ASR XVI 8.15 BD Perpetual FVRS of ₹ 10 each fully paid up	10.00	100.00	-	-
Canara Bank SRIII 8.50 BD Perpetual FVRS of ₹ 10 each fully paid up	10.00	100.00	-	-
Indian Bank SR IV 8.44 LOA Perpetual FVRS of ₹ 10 each fully paid up	10.00	100.00	-	-
National Highways Authority of India SRI 7.26 BD 10 AG38 FVRS	30.00	309.05	-	-
Punjab National Bank SR XIV 8.50 LOA Perpetual FVRS of ₹ 10 each fully paid up	2.00	200.00	-	-
State Bank of India SRI 7.72 BD Perpetual FVRS	6.00	611.70	-	-
State Bank of India SR II 7.73 BD Perpetual FVRS	30.00	319.88	-	-
Tata Motors Finance Limited SR B 10 NCD 29MR29 FVRS of ₹ 10 each fully paid up	40.00	400.00	-	-
Kotak FMP series 226 (1,473 days) direct growth INF174K017X3 (unit of ₹ 10 each)	-	-	30,00,000.00	392.41
<b>Investments in bonds - at amortized cost</b>				
Piramal Enterprises Limited BR NCD 28JU23 FVRS	20.00	213.80	-	-
Shriram City Union Finance Limited SR XXIII TR 1 BR NCD 17MY23 FVRS	30.00	336.45	-	-
<b>Investment in Subsidiary (unquoted) - Carried at cost</b>				
Monte Carlo Home Textiles Limited share of ₹ 10 each fully paid up*	2.00	20.00	-	-
<b>Grand total</b>		<b>2,710.88</b>		<b>392.41</b>
<b>Aggregate cost of quoted investments</b>		2,658.48		300.00
<b>Aggregate market value of quoted investments</b>		2,710.88		392.41

\* The Company has formed a subsidiary, Monte Carlo Home Textiles Limited (Subsidiary), as at 3 December 2021. During the year ended 31 March 2022, the Company has invested ₹ 20.00 lakh for purchase of 200,000 equity shares at par value of ₹ 10 per share in subsidiary.

**Notes:**

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

## 5.2 Other financial assets (non-current)

	As at 31 March 2022	As at 31 March 2021
Non-current bank balances*	2,754.73	1,005.21
Security deposits	709.70	577.11
	<b>3,464.43</b>	<b>1,582.32</b>

\*Non-current bank balances includes ₹ 28.79 lakhs (as at 31 March 2021: nil) taken from State Bank of India and ₹ 0.65 lakhs (as at 31 March 2021: ₹ 5.21 lakhs) taken from Federal Bank pledged against the utilisation of non fund based limits.

**Notes:**

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

## 6 Other non-current assets

	As at 31 March 2022	As at 31 March 2021
Capital advances	181.87	133.91
Prepaid Gratuity	138.85	75.33
Prepaid expenses	59.72	38.67
	<b>380.44</b>	<b>247.91</b>

## 7 Inventories

	As at 31 March 2022	As at 31 March 2021
(Valued at lower of cost or net realisable value, unless otherwise stated)		
Raw materials	3,453.08	2,919.24
Work-in-progress	1,026.29	633.86
Finished goods	13,264.88	6,416.15
Stock in trade (in respect of goods acquired for trading)	6,549.64	7,222.22
Right to recover returned goods	3,669.53	2,281.58
Stores and spares	944.92	680.87
	<b>28,908.34</b>	<b>20,153.92</b>

**Note:**

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

## 8.1 Current investments

	As at 31 March 2022		As at 31 March 2021	
	Units	Amount	Units	Amount
<b>Investments in mutual funds (fully paid up)</b>				
<b>At fair value through profit and loss</b>				
<b>Quoted</b>				
ICICI FMP P8078 corporate bond fund DP growth (unit of ₹ 20.57 each)	9,71,954.26	238.96	9,71,954.26	228.47
ICICI FMP P8104 banking & PSU debt direct plan growth (unit of ₹ 22.61 each)	4,42,370.22	119.09	4,42,370.22	113.32
Birla sun life corporate bond fund growth regular (unit of ₹ 11.81 each)	42,32,553	6.89	42,32,553	16.85
Birla sun life medium term plan growth direct plan (unit of ₹ 20.69 each)	24,16,100	13.76	24,16,100	32.77
Nippon India strategic debt fund direct growth plan (unit of ₹ 13.24 each)	37,75,693.60	506.03	37,75,693.60	429.53
UTI dynamic bond fund direct growth plan (unit of ₹ 19.34 each)	-	-	25,84,954.53	580.06
UTI income opportunities fund direct growth plan (unit of ₹ 15.52 each)	-	-	32,22,417.72	421.77
IDFC monthly income plan ISIN No: INF194K (unit of ₹ 20.50 each)	9,75,647.83	275.43	9,75,647.83	258.63

IDFC super saver income fund growth INF19 (unit of ₹ 29.06 each)	10,32,215.44	418.59	10,32,215.44	398.92
HDFC corporate bond fund - direct plan - growth option INF179K01XD8M (unit of ₹ 18.53 each)	10,79,132.81	285.77	10,79,132.81	271.76
ICICI prudential bond fund direct plan (unit of ₹ 23.95 each)	8,35,093.99	277.85	8,35,093.99	267.24
HDFC corporate bond fund - direct plan - growth option INF179K01XD8M (unit of ₹ 18.57 each)	16,15,221.85	426.84	16,15,221.85	406.77
HDFC corporate bond fund - direct plan - growth option INF179K01XD8M (unit of ₹ 25.07 each)	11,96,670.00	316.89	11,96,670.00	301.36
HDFC FMP (1,181 days) INF179KB16C4 (unit of ₹ 10 each)	-	-	30,00,000.00	378.56
HDFC corporate bond fund - direct plan - growth option INF179K01XD8M (unit of ₹ 24.98 each)	36,03,011.49	954.13	36,03,011.49	907.36
AXIS Banking & PSU Debt Fund-Direct Growth (unit of ₹ 2083.03 each)	12,001.77	262.49	12,001.77	251.77
AXIS Short Term Fund-Direct Plan-Growth (unit of ₹ 25.22 each)	11,89,680.20	317.44	11,89,680.20	302.20
AXIS Banking & PSU Debt Fund-Direct Growth (unit of ₹ 2080.51 each)	24,032.54	525.60	24,032.54	504.15
ICICI P9230 FMP 82 (1,219 days) plan D DP cumulative (unit of ₹ 10 each)	-	-	20,00,000.00	253.54
ICICI P9233 FMP 82 (1,223 days) plan E DP cumulative (unit of ₹ 10 each)	-	-	20,00,000.00	252.77
ICICI P9244 FMP 82 (1,215 days) plan H DP cumulative (unit of ₹ 10 each)	-	-	20,00,000.00	253.60
ICICI FMP 82 (1,141 days) plan Y DP cumulative (unit of ₹ 10 each)	-	-	30,00,000.00	376.36
ICICI Corporate Bond Fund - Direct plan - Growth Option (unit of ₹ 22.68 each)	8,81,887.34	216.82	8,81,887.34	207.30
ICICI Prudential Banking & PSU Debt Fund- Direct plan- Growth Option (unit of ₹ 24.76 each)	4,03,808.10	108.71	4,03,808.10	103.44
ICICI FMP P8078 Corporate Bond Fund Dp Growth (unit of ₹ 23.31 each)	17,16,144.15	421.94	17,16,144.15	403.41
ICICI FMP P8078 Corporate Bond Fund Dp Growth (unit of ₹ 23.33 each)	34,29,117.68	843.09	34,29,117.68	806.08
IDFC Corporate Bond Fund- Direct plan - Growth Option (unit of ₹ 14.82 each)	13,49,241.69	216.42	13,49,241.69	206.00
IDFC Banking & PSU Debt Fund-Direct Plan-Growth (unit of ₹ 18.02 each)	27,75,449.48	566.17	27,75,449.48	542.34
IDFC Bond Fund -Short term Plan (unit of ₹ 46.57 each)	10,73,651.00	526.05	10,73,651.00	503.14
IDFC Corporate Bond Fund- Direct plan - Growth Option (unit of ₹ 15.23 each)	36,10,490.54	579.13	36,10,490.54	551.24
IDFC Banking & PSU Debt Fund-Direct Plan-Growth (unit of ₹ 19.41 each)	15,45,199.00	315.21	15,45,199.00	301.94
IDFC Banking & PSU Debt Fund-Direct Plan-Growth (unit of ₹ 19.34 each)	25,84,972.29	527.31	25,84,972.29	505.12
IDFC Regular Savings Fund-Growth-(Direct Plan) (unit of ₹ 26.55 each)	11,29,857.22	318.96	11,29,857.22	299.50
IDFC Regular Savings Fund-Growth-(Direct Plan) (unit of ₹ 26.61 each)	15,03,429.88	424.42	15,03,429.88	398.53
IDFC Gilt 2027 Index Fund Direct Plan-Growth (unit of ₹ 10.00 each)	19,99,900.01	211.27	19,99,900.01	200.51
IDFC Corporate Bond Fund Direct Plan-Growth (unit of ₹ 15.13 each)	33,05,532.42	530.21	33,05,532.42	504.68
IDFC Bond Fund -Short term Plan-Growth-(Direct Plan) (unit of ₹ 46.45 each)	10,76,466.06	527.44	10,76,466.06	504.46
Kotak FMP series 216 direct growth INF174K015S7 (unit of ₹ 10 each)	30,00,000.00	410.02	30,00,000.00	382.79
Kotak FMP series 217 direct growth-INF174K018TP (unit of ₹ 10 each)	-	-	20,00,000.00	254.70
Kotak Corporate Bond Fund Direct Growth (unit of ₹ 2959.12 each)	10,138.14	317.62	10,138.14	302.58
Kotak Corporate Bond Fund Direct Growth (unit of ₹ 2958.67 each)	16,899.47	529.44	16,899.47	504.39
Kotak FMP series 219 direct growth INF174K015U3 (unit of ₹ 10 each)	-	-	20,00,000.00	251.47
SBI debt fund series C8 direct growth (unit of ₹ 10 each)	-	-	20,00,000.00	251.82
SBI Dynamic Bond Fund- Direct plan- Growth option (unit of ₹ 28.64 each)	3,49,170.16	105.70	3,49,170.16	101.98
SBI Corporate Bond Fund LD566G Direct Plan-Growth (unit of ₹ 12.20 each)	32,78,202.00	418.79	32,78,202.00	400.41
SBI Corporate Bond Fund LD566G Direct Plan-Growth (unit of ₹ 12.13 each)	74,19,569.37	947.87	74,19,569.37	906.24
UTI fixed term income fund series XXVIII-VI (1,190 days) (unit of ₹ 10 each)	-	-	20,00,000.00	252.23
UTI fixed term income fund series XXVIII-VIII (1,171 days) (unit of ₹ 10 each)	-	-	20,00,000.00	252.55
Birla Sun Life, FTP, Series PC- Direct Growth (unit of ₹ 10.00 each)	-	-	20,00,000.00	252.98
		<b>14,008.35</b>		<b>17,359.59</b>
Accrued interest on Bonds and Debentures		58.18		-
<b>Grand total</b>		<b>14,066.53</b>		<b>17,359.59</b>
<b>Aggregate cost of quoted investments</b>		<b>12,700.00</b>		<b>16,100.00</b>
<b>Aggregate market value of quoted investments</b>		<b>14,008.35</b>		<b>17,359.59</b>

**Notes:**

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

## 8.2 Trade receivables

	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good (refer note 38)	26,513.23	22,949.97
Unsecured, credit impaired	75.23	75.23
	26,588.46	23,025.20
Less: Provision for expected credit loss (credit impaired)	(75.23)	(75.23)
	<b>26,513.23</b>	<b>22,949.97</b>

### Movement in the provision for expected credit loss

	75.23	54.46
Balance at the beginning of the year	75.23	54.46
Add: Allowance provided during the year (refer note 26)	-	20.78
Balance at the end of the year	<b>75.23</b>	<b>75.23</b>

#### Notes:

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

### Trade Receivables ageing schedule

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31 March 2022</b>							
(i) Undisputed Trade receivables — considered good	9,582.85	15,684.26	334.72	404.59	148.78	358.02	26,513.23
(ii) Undisputed Trade Receivables — considered doubtful						75.23	75.23
<b>Sub total</b>	<b>9,582.85</b>	<b>15,684.26</b>	<b>334.72</b>	<b>404.59</b>	<b>148.78</b>	<b>433.25</b>	<b>26,588.46</b>
Less: Allowance for expected credit losses (credit impaired)						75.23	75.23
<b>Total</b>	<b>9,582.85</b>	<b>15,684.26</b>	<b>334.72</b>	<b>404.59</b>	<b>148.78</b>	<b>358.02</b>	<b>26,513.23</b>
<b>As at 31 March 2021</b>							
(i) Undisputed Trade receivables — considered good	4,141.72	16,909.53	568.08	741.05	82.30	507.30	22,949.97
(ii) Undisputed Trade Receivables — considered doubtful			-	-	-	75.23	75.23
<b>Sub total</b>	<b>4,141.72</b>	<b>16,909.53</b>	<b>568.08</b>	<b>741.05</b>	<b>82.30</b>	<b>582.53</b>	<b>23,025.20</b>
Less: Allowance for expected credit losses (credit impaired)						75.23	75.23
<b>Total</b>	<b>4,141.72</b>	<b>16,909.53</b>	<b>568.08</b>	<b>741.05</b>	<b>82.30</b>	<b>507.30</b>	<b>22,949.97</b>

## 8.3 Cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Cash on hand	31.43	
Balance with banks	0.51	21.49
	<b>31.94</b>	22.97
		<b>44.46</b>

#### Note:

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



**8.4 Bank balances other than cash and cash equivalents**

	As at 31 March 2022	As at 31 March 2021
Unpaid dividend account	20.96	16.61
Deposits with original maturity more than three months but remaining maturity of less than twelve months	7,039.21	4,024.41
	<b>7,060.17</b>	<b>4,041.02</b>

**Notes:**

i) Deposits with original maturity more than three months but remaining maturity of less than twelve months includes ₹ 146.05 lakhs (as at 31 March 2021: ₹ 23.10 lakhs) taken from State Bank of India and ₹ 93.16 lakhs (as at 31 March 2021: ₹ 416.11 lakhs) taken from Federal Bank are pledged against the utilisation of non fund based limits.

ii) Refer note 30 for information on assets pledged as security by the Company.

**8.5 Loans (current)**

	As at 31 March 2022	As at 31 March 2021
<b>(Unsecured considered good, unless otherwise stated)</b>		
Loan to employees	41.78	
	41.78	43.00
		43.00

**Notes:**

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

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

**8.6 Other financial assets**

	As at 31 March 2022	As at 31 March 2021
<b>(Unsecured considered good, unless otherwise stated)</b>		
Interest accrued but not due on fixed deposits	180.31	
Security deposits	10.03	189.37
Interest subsidy receivable	177.17	15.37
	<b>367.51</b>	<b>158.72</b>
		<b>363.46</b>

**Notes:**

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

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

## 9 Other current assets

	As at 31 March 2022	As at 31 March 2021
Advances to suppliers		
-Related parties*	-	4.24
-Others	1,777.04	1,439.32
Prepaid expenses	102.17	105.53
Balances with statutory and government authorities [net of provision ₹ 168.46 Lakhs (previous year ₹ 168.46 Lakhs)]	1,869.21	1,290.37
Others recoverable	209.28	129.73
	<b>3,957.70</b>	<b>2,969.19</b>

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

### Note:

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

## 10 Equity share capital

	As at 31 March 2022	As at 31 March 2021
<b>Authorised capital</b>		
25,000,000 equity shares of ₹ 10 each (as at 31 March 2021: 25,000,000)	2,500.00	2,500.00
	<b>2,500.00</b>	<b>2,500.00</b>
<b>Issued, subscribed and fully paid up</b>		
20,732,064 equity shares of ₹ 10 each (as at 31 March 2021: 20,732,064)	2,073.21	2,073.21
	<b>2,073.21</b>	<b>2,073.21</b>

### Notes:

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

	As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount	Number of shares	Amount
<b>Balance at beginning and end of the year</b>	<b>2,07,32,064</b>	<b>2,073.21</b>	<b>2,07,32,064</b>	<b>2,073.21</b>

ii) The Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### iii) Shareholders holding more than 5% of the shares

	As at 31 March 2022		As at 31 March 2021	
	Number of shares	% of shareholding	Number of shares	% of shareholding
Girnar Investments Limited	66,44,656	32.05	66,44,656	32.05
Nagdevi Trading and Investment Company Limited #	50,07,192	24.16	-	-
Simran and Shanaya Company Limited #	-	-	44,04,000	21.24
Nahar Capital and Financial Services Limited	16,51,215	7.96	16,51,215	7.96
	<b>1,33,03,063</b>	<b>64.17</b>	<b>1,26,99,871</b>	<b>61.25</b>

#Simran and Shanaya Company Limited has been merged into Nagdevi Trading and Investment Company Limited, as per scheme of Merger and Amalgamation as approved by the Regional Director, Ministry of Corporate Affairs, New Delhi w.e.f. 09 June 2021.

### iv) Details of promoters' shareholding

	As on 31 March 2022			As on 31 March 2021		
	No of shares	% holding	% change during the year	No of shares	% holding	% change during the year
Tanvi Oswal	500	0%	0%	500	0%	0%
Jawahar Lal Oswal	1,15,059	1%	0%	1,20,059	1%	0%
Kamal Oswal	1,000	0%	0%	1,000	0%	0%
Dinesh Oswal	1,000	0%	0%	1,000	0%	0%
Abhilash Oswal	1,02,583	1%	0%	1,07,583	1%	0%
Sambhav Oswal	500	0%	0%	500	0%	0%

Abhinav Oswal	500	0%	0%	500	0%	0%
Rishabh Oswal	10,500	0%	0%	500	0%	0%
Manisha Oswal	500	0%	0%	500	0%	0%
Ritu Oswal	500	0%	0%	500	0%	0%
Monica Oswal	5,15,837	2%	0%	5,15,837	2%	50%
Ruchika Oswal	5,15,838	2%	0%	5,15,838	2%	50%
Sanjana Oswal	500	0%	0%	500	0%	0%
Nahar Capital And Financial Services Ltd	16,51,215	8%	0%	16,51,215	8%	0%
Vanaik Investors Ltd.	4,09,273	2%	0%	4,09,273	2%	0%
Nagdevi Trading & Investment Co. Ltd.	50,07,192	24%	730%	6,03,192	3%	608%
Oswal Woolen Mills Ltd.	75,642	0%	0%	75,642	0%	0%
Atam Vallabh Financiers Ltd.	67,106	0%	0%	67,106	0%	0%
Vardhman Investments Ltd.	49,718	0%	0%	49,718	0%	0%
Girnar Investment Ltd	66,44,656	32%	0%	66,44,656	32%	14123%
Simran And Shanaya Company Limited	-	0%	-100%	44,04,000	21%	0%

v) The Company has formed a subsidiary, Monte Carlo Home Textiles Limited (Subsidiary), as at 3 December 2021. During the quarter ended 31 March 2022, the Company has invested ₹ 20.00 lakh for purchase of 200,000 equity shares at par value of ₹ 10 per share in subsidiary.

vi) 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.

## 11 Other equity

	As at 31 March 2022	As at 31 March 2021
<b>i) Capital reserves</b>		
Balance at the beginning and end of the year	0.01	0.01
<b>ii) Capital redemption reserve</b>		
Balance at the beginning and end of the year	100.00	100.00
<b>iii) Securities premium</b>		
Balance at the beginning and end of the year	7,469.76	7,469.76
<b>iv) General reserve</b>		
Balance at the beginning and end of the year	38,086.51	38,086.51
<b>v) Retained earnings</b>		
Balance at the beginning of the year	12,679.52	6,787.87
Add: Profit for the year	11,403.58	6,629.58
Add: Other comprehensive income for the year (net of tax)	39.09	298.84
Less: Dividend*#	(3,109.81)	(1,036.77)
<b>Balance at the end of the year</b>	<b>21,012.38</b>	<b>12,679.52</b>
<b>vi) Perpetual bonds through OCI</b>		
Net fair value loss on investment in perpetual bonds through OCI (net of tax)	(6.08)	-
<b>Total other equity (i+ii+iii+iv+v+vi)</b>	<b>66,662.60</b>	<b>58,335.80</b>

\* Board of Directors have recommended a final dividend of 200% (₹ 20 per equity share having face value of ₹ 10 each) as at 31 March 2022 (as at 31 March 2021: 150%), 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 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.

### Perpetual bonds through OCI

This represents the cumulative gains and losses arising on the revaluation of debt instruments measured at fair value through other comprehensive income that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when such assets are disposed off and impairment losses on such instruments, if any.

## 12.1 Borrowings (non-current)

	As at 31 March 2022	As at 31 March 2021
<b>(Secured)</b>		
Term loan from banks	1162.51	1,633.09
Less: current maturities (refer note 14.1)	330.00	460.40
	<b>832.51</b>	<b>1,172.69</b>

#### Notes:

- i). Refer note 34 and 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.
- ii). Repayment terms and security disclosure for long-term borrowings (including current maturities) outstanding as at 31 March 2022 and 31 March 2021.
  - a) Term loan from State Bank of India amounting to nil (as at 31 March 2021: ₹ 751.53 lakhs) carrying interest rate of 1.50 % above six months marginal cost of lending rate (MCLR), present effective rate 8.45% p.a is repaid on 16 March 2022.
  - b) Term loan from State Bank of India amounting to nil (as at 31 March 2021: ₹ 861.56 lakhs) carrying interest rate of 1.50 % above six months marginal cost of lending rate (MCLR), present effective rate 8.45% p.a is repaid on 16 March 2022.
  - c) Term loan from The Federal Bank Limited amounting to ₹ 1,162.51 lakhs (as at 31 March 2021: nil) carrying interest rate of 3.75% above repo rate, present effective rate 7.75% p.a , is repayable in 14 quarterly instalments of ₹ 82.50 lakhs each with last instalment payable on 12 December 2025.

As at 31 March 2022, above loans are secured by primary charge on machinery being procured, with Second pari-passu charge on factory land held in the name of the Company.

## 12.2 Lease liabilities (non-current)

	As at 31 March 2022	As at 31 March 2021
Lease liabilities	7,412.97	7,195.32
	<b>7,412.97</b>	<b>7,195.32</b>

#### Notes:

- i) Refer note 34 and 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

## 12.3 Other financial liabilities (non-current)

	As at 31 March 2022	As at 31 March 2021
Security deposits from customers	2,294.80	1,861.86
	<b>2,294.80</b>	<b>1,861.86</b>

#### Note:

- i) Refer note 34 and 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

**13 Other non-current liabilities**

	As at 31 March 2022	As at 31 March 2021
Deferred income-government grant	266.77	103.27
	<b>266.77</b>	<b>103.27</b>

**14.1 Borrowings (current)**

	As at 31 March 2022	As at 31 March 2021
<b>(Secured)</b>		
Working capital loans and overdraft borrowings from banks	5,679.89	1,847.68
Current maturities of long term borrowings (refer note 12.1)	330.00	460.40
	<b>6,009.89</b>	<b>2,308.08</b>

**Notes:**

- i) Refer note 34 and 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.
- ii) Terms of repayment, rate of interest and details of security for short-term borrowings outstanding as at 31 March 2022 and 31 March 2021:

Cash credit facilities (repayable on demand), working capital demand loan (repayable on respective due dates) are secured by first pari pasu charge on all the present and future current assets of the Company.

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 as follows:

- (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).

These facilities carry interest rate ranging from 4.50% p.a. to 6.90% p.a. (previous year: from 6.50% p.a. to 7.70% p.a.).

**iii) Reconciliation of liabilities arising from financing activities:**

	Lease liabilities	Long-term borrowings (including current maturities)	Short-term borrowings	Total
<b>As at 1 April 2020</b>	8,038.56	2,091.14	1,544.47	11,674.16
<b>Cash flows:</b>				
Repayment of borrowings	-	(458.06)	303.21	(154.85)
Payment of lease liabilities	(1,871.03)	-	-	(1,871.03)
<b>Non-cash:</b>				
Additions on account of new leases during the year (net)	918.05	-	-	918.05
Reclassification on account of new leases during the year [interest expense]	692.24	-	-	692.24
Rent concessions	574.51	-	-	574.51
<b>As at 1 April 2021</b>	<b>8,352.33</b>	<b>1,633.09</b>	<b>1,847.68</b>	<b>11,833.08</b>
<b>Cash flows:</b>				
Proceeds from borrowings	-	1,162.50	3,832.22	4,994.72
Repayment of borrowings	-	(1,637.18)	-	(1,637.18)
Payment of lease liabilities	(1,662.30)	-	-	(1,662.30)
<b>Non-cash:</b>				
Additions on account of new leases during the year (net)	1,651.68	-	-	1,651.68
Reclassification on account of new leases during the year [interest expense]	770.53	-	-	770.53
Rent concessions	(384.61)	-	-	(384.61)
Impact of other borrowing costs	-	4.10	-	4.10
<b>As at 31 March 2022</b>	<b>8,727.63</b>	<b>1,162.51</b>	<b>5,679.90</b>	<b>15,570.02</b>

- iv) The Company has borrowings from banks on the basis of security of current assets and quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.

## 14.2 Trade payables

	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises; and (refer note 33); and	23.68	147.62
Total outstanding dues of creditors other than micro enterprises and small enterprises*	14,748.26	13,724.07
	<b>14,771.94</b>	<b>13,871.69</b>
*Includes amounts due to entities in which directors of the Company are able to exercise control or have significant influence (refer note 38)	2,049.63	1,746.69

### Note:

- i) Refer note 34 and 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

### Ageing of trade payables

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 year	2-3 year	More than 3 years	
As at 31 March 2022						
(i) Micro enterprises and small enterprises	-	23.68	-	-	-	23.68
(ii) Others	8857.91	5,630.78	82.28	62.50	114.79	14,748.27
Total	8857.91	5,654.46	82.28	62.50	114.79	14,771.95
As at 31 March 2021						
(i) Micro enterprises and small enterprises	-	147.62	-	-	-	147.62
(ii) Others	8269.36	4,899.10	420.82	134.79	-	13,724.07
Total	8269.36	5,046.72	420.82	134.79	-	13,871.69

\* includes dues recognised on account of provisions at the year end.

	As at 31 March 2022	As at 31 March 2021
Lease liabilities	1,314.66	1,157.01
	<b>1,314.66</b>	<b>1,157.01</b>

### Note:

- i). Refer note 40 for information related to lease liabilities  
ii). Refer note 34 & 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles

## 14.4 Other financial liabilities

	As at 31 March 2022	As at 31 March 2021
Interest accrued and due on borrowings	-	11.63
Creditors for capital goods	401.01	4.67
Security deposits from customers	378.09	261.21
Unpaid dividend [refer note (i) below]	20.96	16.61
Refund liability	5,628.98	3,347.63
Employee related payables*	818.88	632.07
	<b>7,247.92</b>	<b>4,273.82</b>
*Includes amounts due to key management personnel (refer note 38)	450.50	262.42

### Notes:

- i) There are no amounts due for payment to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013 as at the year end.  
ii) Refer note 34 & 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles

	As at 31 March 2022	As at 31 March 2021
<b>15 Other current liabilities</b>		

Advances from customers*	1,064.12	846.67
Statutory dues	353.43	291.21
Deferred income-government grants	29.75	13.88
Others	6.70	5.42
	1,454.00	1,157.18

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

<b>As at</b>	<b>As at</b>
<b>31 March</b>	<b>31 March</b>
<b>2022</b>	<b>2021</b>

## 16 Provisions (current)

Provision for discount*	666.06	88.38
	666.06	88.38

### \*Movement in provisions

	<b>Provision for discount</b>
<b>Balance as at 1 April 2020</b>	<b>123.33</b>
Add: Provision recognised during the year	88.38
Less: Provision utilised during the year	(123.33)
<b>Balance as at 31 March 2021</b>	<b>88.38</b>
<b>Balance as at 1 April 2021</b>	<b>88.38</b>
Add: Provision recognised during the year	666.06
Less: Provision utilised during the year	(88.38)
<b>Balance as at 31 March 2022</b>	<b>666.06</b>

<b>As at</b>	<b>As at</b>
<b>31 March</b>	<b>31 March</b>
<b>2022</b>	<b>2021</b>

## 17 Current tax liabilities (net)

Provision for income tax (net of advance tax and taxes deducted at source & taxes collected at source)	1,177.11	61.76
	1,177.11	61.76

<b>For the year ended</b>	<b>For the year ended</b>
<b>31 March 2022</b>	<b>31 March 2021</b>

## 18 Revenue from operations

### Sale of products (refer notes below)

Export	52.16	32.24
Domestic	90,241.36	62,087.76
	90,293.52	62,120.00

### Other operating revenue

Insurance recovered from customers	108.97	67.85
Government grants	29.71	13.88
	90,432.20	62,201.73

### Note:

Refer note 39 for reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price.

## 19 Other Income

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Interest income</b>		
from banks	280.58	293.07
others	327.19	241.18
Profit on sale of investments measured at FVTPL	138.40	-
<b>Other non-operating income</b>		
Net Gain on Foreign Currency Transaction	92.01	2.23
Profit on derecognition of lease Contract	203.61	26.48
Interest on income tax refund	-	73.57
Rent Concession	384.61	548.03
Fair valuation of investment measured at FVTPL	674.04	529.69
CST/VAT refund	72.43	88.11
Miscellaneous	375.82	214.71
	2,548.69	2,017.07

## 20 Cost of materials consumed

	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening stock of raw materials	2,919.24	3,056.06
Add: Purchases of raw materials during the year	23,530.05	14,757.62
	26,449.29	17,813.68
Less: Closing stock of raw materials	3,453.08	2,919.24
	22,996.21	14,894.44

## 21 Purchases of stock-in-trade

Purchases of stock-in-trade	31,740.63	16,894.58
	31,740.63	16,894.58

## 22 Changes in inventories of finished goods, work-in-process and traded goods

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Opening stock</b>		
Finished goods	6,416.15	5,653.97
Stock in trade (in respect of goods acquired for trading)	7,222.22	8,617.85
Right to recover returned goods	2,281.58	2,732.73
Work-in-process	633.86	859.21
	16,553.81	17,863.76
<b>Closing stock</b>		
Finished goods	13,264.88	6,416.15
Stock in trade (in respect of goods acquired for trading)	6,549.64	7,222.22
Right to recover returned goods	3,669.53	2,281.58
Work-in-process	1,026.29	633.86
	24,510.34	16,553.81
	(7,956.53)	1,309.95

## 23 Employee benefit expense

	For the year ended 31 March 2022	For the year ended 31 March 2021
Salary, wages and bonus	7,208.86	5,188.97
Contribution to provident and other funds (refer note 31)	669.63	620.98
Staff welfare expenses	239.21	178.61
	8,117.70	5,988.56

## 24 Finance costs

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Interest expense</b>		
to banks	538.97	436.32



others*	1,025.39	912.85
Other borrowings cost	4.11	1.87
	1,568.47	1,351.04

\*Includes finance cost on lease liability amounting to ₹ 770.52 lakhs for the year ended 31 March 2022 (for the year ended 31 March 2021: ₹ 692.24 lakhs).

## 25 Depreciation and amortisation expense

Depreciation on property, plant and equipment (refer note 2.1)	2,049.71	1,948.27
Amortisation on intangible assets (refer note 4)	20.77	32.24
Amortisation on leasehold land (refer note 2.1)	0.18	0.18
Depreciation on Right-of-use asset (refer note 2.2)	1,654.63	1,439.34
	3,725.29	3,420.03

## 26 Other expenses

	For the year ended 31 March 2022	For the year ended 31 March 2021
Power and fuel	655.67	499.02
Consumption of stores and spares parts	5,288.88	3,595.71
Rent	390.40	310.49
<b>Repairs to</b>		
building	209.16	56.49
machinery	172.78	106.69
others	799.26	409.82
Insurance	169.59	123.14
Legal and professional expenses [refer note (i) below]	140.25	111.25
Rates and taxes	26.17	29.51
Travelling and conveyance	287.96	129.75
Processing charges	1,654.71	1,144.26
Commission on sale	2,464.72	1,465.97
Freight and forwarding expenses	1,654.21	1,132.73
Advertisement expenses	2,409.15	1,100.15
Amounts written off	29.37	271.01
Net loss on foreign currency transaction	29.16	-
Provision for credit impaired receivables	-	20.78
Communication expenses	31.57	35.63
Corporate social responsibility expenses (refer note 32)	180.42	179.61
Loss on sale of property, plant and equipment (net)	183.75	8.04
Loss on sale of investments (net)	-	3.36
Provision for balances with statutory and government authorities	-	168.46
Miscellaneous expenses	754.44	656.26
	17,531.62	11,558.13

For the year ended  
31 March 2022

For the year ended  
31 March 2021

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	2.23	1.06
	35.88	34.71

## 27 Income tax expense (refer notes below)

Tax expense recognized in the statement of profit and loss	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Current tax</b>		
Current tax expense	4,244.03	2,393.68
Total current tax expense	4,244.03	2,393.68

**Deferred tax**

Deferred tax (income)/expense	(390.11)	(221.19)
Total deferred tax (income)/expense	(390.11)	(221.19)
Total income tax expense	3,853.92	2,172.49

**Notes:**

i) Reconciliation of tax liability on book profit vis-à-vis actual tax liability

Accounting profit before income tax	15,257.50	8,802.07
Enacted tax rate	25.17%	25.17%
Current tax expenses on profit before tax at the enacted income tax rate in India	3,840.01	2,215.31
Non-deductible differences	68.39	49.92
Tax on income at different rates	(161.49)	(200.52)
Other adjustments	107.01	107.78
Income tax expense reported in the statement of profit and loss	3,853.92	2,172.49

ii) The movement in deferred tax assets and liabilities during the year ended 31 March 2021 and 31 March 2022

Particulars	01 April 2021	Recognised in other comprehensive income	Recognised in statement of profit and loss	31 March 2022
<b>Deferred tax asset arising on account of :</b>				
Property, plant and equipment and intangible assets	341.55	-	84.88	426.43
Refund liabilities (net of right to receive goods)	268.30	-	224.85	493.15
Provision for discount	22.24	-	145.39	167.63
Employee benefits	160.47	(13.15)	(104.45)	42.87
Fair valuation of investments	83.05	2.04	14.80	99.88
Other items	36.68	-	24.65	61.33
Deferred tax asset (net)	912.29	(11.11)	390.11	1,291.29

Particulars	01 April 2020	Recognised in other comprehensive income	Recognised in statement of profit and loss	31 March 2021
<b>Deferred tax asset arising on account of :</b>				
Property, plant and equipment and intangible assets	289.92	-	51.63	341.55
Refund liabilities (net of right to receive goods)	293.36	-	(25.06)	268.30
Provision for discount	31.06	-	(8.82)	22.24
Employee benefits	163.08	(100.51)	97.90	160.47
Fair valuation of investments	(42.16)	-	125.21	83.05
Other items	56.35	-	(19.67)	36.68
Deferred tax asset (net)	791.61	(100.51)	221.19	912.29

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.

<b>As at</b>	<b>As at</b>
<b>31 March 2022</b>	<b>31 March 2021</b>

**28 Capital commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits)	2,733.90	10.11
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## 29 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 2022	For the year ended 31 March 2021
<b>Earnings per share:</b>		
Profit attributable to the equity shareholders (A)	11,403.58	6,629.58
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
<b>Earnings per share (₹) (A/B) - Basic and diluted</b>		
Basic	55.00	31.98
Diluted	55.00	31.98
Face value per equity share (₹)	10.00	10.00

## 30 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

### Current assets

#### Financial assets

##### Floating charge

	As at 31 March 2022	As at 31 March 2021
Investments	14,066.53	17,359.59
Trade receivables	26,513.23	22,949.97
Cash and cash equivalents	31.94	44.46
Other bank balances not considered as cash and cash equivalents	7,060.17	4,041.02
Loans	41.78	43.00
Other financial asset	367.51	363.46
Non financial assets		
Floating charge		
Inventories	28,908.34	20,153.92
Other current assets	3,957.70	2,969.19
Total current assets pledged as security	80,947.20	67,924.61

### Non-current assets

#### Financial assets

##### First charge

Investment	2,710.88	392.41
Other financial assets	3,464.43	1,582.32
Non financial assets		
First charge		
Property, plant and equipment	15,321.53	14,926.87
Capital work-in-progress	127.43	-
Total non-current assets pledged as security	21,624.27	16,901.60

## 31 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 ₹ 512.35 lakhs (for the year ended 31 March 2021: ₹ 398.67 lakhs) as contributions towards these schemes.

**b) Defined benefit plan**

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

	As at 31 March 2022	As at 31 March 2021
<b>(i) Changes in defined benefit obligation</b>		
Present value obligation as at the beginning of the year	1,364.83	1,609.04
Interest cost	99.77	112.20
Current service cost	148.16	198.90
Actuarial loss/(gain) - experience changes	1.21	(184.15)
Actuarial gain - financial assumption	(74.26)	(215.20)
Benefits paid	(86.08)	(155.96)
Present value obligation as at the end of the year	1,453.63	1,364.83
<b>(ii) Change in fair value of plan assets</b>		
Fair value of plan assets as at the beginning of the year	1,438.38	1,313.39
Interest income on plan assets	101.98	88.79
Employer contributions	150.00	192.16
Actuarial Gain/(Losses)	(20.81)	-
Benefits paid	(86.08)	(155.96)
Fair value of plan assets as at the end of the year	1,583.47	1,438.38
	As at 31 March 2022	As at 31 March 2021
<b>(iii) Breakup of actuarial (gain):</b>		
Actuarial loss - financial assumption	(74.26)	(215.20)
Actuarial loss/(gain) - experience changes	1.21	(184.15)
Actuarial loss on plan assets	20.81	-
	(52.24)	(399.35)
<b>(iv) Net liability recognised in the balance sheet</b>		
Present value obligation as at the end of the year	(1,453.63)	(1,364.83)
Fair value of plan assets as at the end of the year	1,583.47	1,438.38
Net asset in the balance sheet	129.84	73.55
<b>(v) Current/non-current bifurcation</b>		
Current benefit obligation	-	-
Non-current benefit obligation	129.84	73.55
Asset recognised in the balance sheet	129.84	73.55
<b>(vi) Amount recognized in the statement of profit and loss</b>		
Current service cost	148.16	198.90
Interest cost	99.77	112.20
Interest income on plan assets	(101.98)	(88.79)
Expense recognised in the statement of profit and loss	145.95	222.31
<b>(vii) Remeasurements recognised in the statement of other comprehensive income</b>		
Changes in financial assumptions	(74.26)	(215.20)
Experience adjustments	1.21	(184.15)
Actuarial loss on plan assets	20.81	-
Amount recognised in other comprehensive income	52.24	399.35
<b>(viii) Actuarial assumptions</b>		
Discount rate (p.a.)	7.50%	7.09%
Salary escalation rate (p.a.)	8.00%	8.00%

Expected return on plan assets	7.50%	7.09%
Employee turnover rate	2.00%	2.00%
Retirement age	62 years	62 years
Mortality rate	Indian Assured Lives Mortality (2012-14) (modified) Ultimate	Indian Assured Lives Mortality (2012-14) (modified) Ultimate

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

#### (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	As at 31 March 2022	As at 31 March 2021
Impact of the change in discount rate (p.a)		
Impact due to decrease of 0.50%	91.32	246.05
Impact due to increase of 0.50%	(83.39)	(232.62)
Impact of change in salary escalation rate (p.a)		
Impact due to increase of 0.50%	67.05	209.08
Impact due to decrease of 0.50%	(66.39)	(199.12)

	As at 31 March 2022	As at 31 March 2021
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#### (x) Expected future cash flows

The expected future cash flows in respect of gratuity as at 31 March 2022 are as follows:

The followings are the expected future benefit payments for the defined benefit plan

Upto 1 year	81.23	65.72
1-2 years	48.60	53.96
2-3 years	60.27	58.02
3-4 years	77.45	57.86
4-5 years	82.43	84.46
Above 5 years	465.55	421.90

#### (xi) Category of plan assets

LIC of India - Group Gratuity Cash Accumulation Fund	92.98%	98.61%
Kotak Gratuity Group Plan (UIN - 107L010V07)	7.02%	1.39%

#### (xii) Expected contribution

The expected future employer contributions for defined benefit plan is ₹ 78.34 lakhs (for the year ended 31 March 2021: ₹ 74.61 lakhs).

## 32 Corporate Social Responsibility

The Company for its Corporate Social Responsibility ("CSR") has collaborated 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 ₹ 180.42 lakhs (Previous year: ₹ 179.61 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 2022	For the year ended 31 March 2021
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(a) Gross amount required to be spent by the Company as per section 135 of the Act.	180.42	179.61
(b) Amount spent during the year on:		
paid in cash/cash equivalents*	180.42	179.61
yet to be paid		
(c) Shortfall at the end of year	-	-
(d) Nature of CSR activities	Preventive Healthcare, eradicating poverty and others	
 *Including contribution with Oswal Foundation (refer note 38)	 175.75	 179.61
 Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purpose other than above	180.42	179.61

### 33 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 2022	As at 31 March 2021
Principal amount due to suppliers under MSMED Act, 2006	18.42	73.84
Interest accrued and due to suppliers under MSMED Act, 2006 on above amount	5.26	18.68
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	5.26	73.77
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.	-	-

### 34 Fair value measurements

#### (a) Financial instruments by category

Particulars	31 March 2022			31 March 2021		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets (non-current)						
Investments*	-	2,161.52	549.36	392.41	-	-
Other financial assets	-	-	3,464.43	-	-	1,582.32
Financial assets (current)						
Investments	14,008.35	58.18	-	17,359.59	-	-
Trade receivables	-	-	26,513.23	-	-	22,949.97
Cash and cash equivalents	-	-	31.94	-	-	44.46
Other bank balances	-	-	7,060.17	-	-	4,041.02
Loans	-	-	41.78	-	-	43.00
Other financial assets	-	-	367.51	-	-	363.46
<b>Total</b>	<b>14,008.35</b>	<b>2,219.70</b>	<b>38,028.42</b>	<b>17,752.00</b>	<b>-</b>	<b>29,024.23</b>
Financial liabilities (non-current)						
Borrowings	-	-	832.51	-	-	1,172.69
Lease liabilities	-	-	7,412.97	-	-	7,195.32
Other financial liabilities	-	-	2,294.80	-	-	1,861.86
Financial liabilities (current)						
Borrowings	-	-	6,009.89	-	-	2,308.08
Trade payables	-	-	14,771.94	-	-	13,871.69
Lease liabilities	-	-	1,314.66	-	-	1,157.01
Other financial liabilities	-	-	7,247.92	-	-	4,273.82
<b>Total</b>	<b>-</b>	<b>-</b>	<b>39,884.69</b>	<b>-</b>	<b>-</b>	<b>31,840.47</b>

\*Investments in subsidiaries are carried at cost as per Ind AS 27 – Separate financial statements and therefore, not presented here.

#### (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 2022			31 March 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Investments at FVTPL	14,008.35	-	-	17,752.00	-	-
Total financial assets	14,008.35	-	-	17,752.00	-	-

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.

(ii) The fair value of investments in quoted bonds is based on the current bid price of respective investment as at the balance sheet date.

Financial assets and liabilities measured at amortised cost

Particulars	31 March 2022			31 March 2021		
	Level	Carrying Value	Fair Value	Level	Carrying Value	Fair Value
<b>Financial assets</b>						
Trade receivables	Level 3	26,513.23	26,513.23	Level 3	22,949.97	22,949.97
Cash and cash equivalents	Level 3	31.94	31.94	Level 3	44.46	44.46
Other bank balances	Level 3	7,060.17	7,060.17	Level 3	4,041.02	4,041.02
Loans	Level 3	41.78	41.78	Level 3	43.00	43.00
Other financial assets	Level 3	3,831.94	3,831.94	Level 3	1,945.78	1,945.78
<b>Total financial assets</b>		<b>37,479.06</b>	<b>37,479.06</b>		<b>29,024.23</b>	<b>29,024.23</b>
<b>Financial liabilities</b>						
Borrowings	Level 3	6,842.40	6,842.40	Level 3	3,480.77	3,480.77
Trade payables	Level 3	14,771.94	14,771.94	Level 3	13,871.69	13,871.69
Lease liabilities	Level 3	8,727.63	8,727.63	Level 3	8,352.33	8,352.33
Other financial liabilities	Level 3	9,542.72	9,542.72	Level 3	6,135.68	6,135.68
<b>Total financial liabilities</b>		<b>39,884.69</b>	<b>39,884.69</b>		<b>31,840.47</b>	<b>31,840.47</b>

**Level 1 :** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2 :** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

**Level 3 :** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in Level 3.

#### c) 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 investments, 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.

### 35 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include investments, 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 2022	As at 31 March 2021
Variable rate borrowings	6,842.40	3,480.77
Fixed rate borrowings	-	-
<b>Total borrowings</b>	<b>6,842.40</b>	<b>3,480.77</b>

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variable held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	As at 31 March 2022	As at 31 March 2021
50 bps decrease would increase the profit before tax by	34.21	17.40
50 bps increase would decrease the profit before tax by	(34.21)	(17.40)

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

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

(foreign currency in lakhs)

#### Trade payables

USD	0.07	0.03
JPY	468.86	-

#### Total exposure

USD	0.07	0.03
JPY	468.86	-

The following significant exchange rates as at year end spot rate:-

USD 1	75.81	73.21
JPY 1	0.6223	0.6636

#### 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	0.25	0.11
5% increase would increase the profit before tax by	(0.25)	(0.11)

**JPY Sensitivity**

5% decrease would decrease the profit before tax by	14.59	-
5% increase would increase the profit before tax by	(14.59)	-

**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	700.42	867.98
500 bps in NAV (net asset value) decrease would decrease the profit before tax by	(700.42)	(867.98)

**(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 investments in bonds, cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

**(a) Credit risk management**

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- (i) Low credit risk on financial reporting date
- (ii) Moderate credit risk
- (iii) High credit risk

The Company provides for expected credit loss based on the following:

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables, investments and other financial assets	12 month expected credit loss
Moderate credit risk	Investments in bonds	Life time expected credit loss or 12 month expected credit loss
High credit risk	Other financial assets	Life time expected credit loss fully provided for

Financial assets that expose the entity to credit risk	As at 31 March 2022	As at 31 March 2021
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**Low credit risk on reporting date**

Cash and cash equivalents	31.94	44.46
Other bank balances	7,060.17	4,041.02
Trade receivables	26,513.23	22,949.97
Investments	14,008.35	17,752.00
Loans	41.78	43.00
Other financial asset	3,831.94	1,945.78

**Medium credit risk on reporting date**

Investments	2,710.88	-
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**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	As at
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	31 March 2022	31 March 2021
More than six months past due*	1,321.35	1,898.72
Less than six months past due	25,267.11	21,126.48
<b>Total</b>	<b>26,588.46</b>	<b>23,025.20</b>

\*Excluding provision for expected credit loss amounting to ₹ 75.23 lakhs (as at 31 March 2021: ₹ 75.23 lakhs).

#### Loans and other financial assets measured at amortised cost

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

#### (C) Liquidity risk

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

#### (a) Financing arrangements

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

	As at 31 March 2022	As at 31 March 2021
<b>Floating rate</b>		
<b>Expiring within one year (cash credit and other facilities)</b>		
<b>Secured</b>		
Cash credit facilities	9,820.11	1,073.10
Overdraft facility	20,000.00	1,871.18

The table below summaries the maturity profile of the Company's financial liabilities based on contractual undiscounted payments -

Particulars	0-1 Years	1 to 2 years	2 to 5 years	More than 5 years	Total
<b>Year ended 31 March 2022</b>					
Contractual maturities of borrowings	6,078.90	377.02	530.96	-	6,986.88
Contractual maturities of other financial liabilities (non-current)	-	-	-	2,294.80	2,294.80
Contractual maturities of trade payables and other payables	14,771.95	-	-	-	14,771.95
Contractual maturities of other financial liabilities (current)	7,247.92	-	-	-	7,247.92
Contractual maturities of lease liabilities	2,515.80	2,416.09	5,624.81	2,631.19	13,187.89
<b>Total</b>	<b>30,614.57</b>	<b>2,793.11</b>	<b>6,155.77</b>	<b>4,925.99</b>	<b>44,489.44</b>
<b>Year ended 31 March 2021</b>					
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	8,352.34
<b>Total</b>	<b>21,732.70</b>	<b>1,794.70</b>	<b>4,406.39</b>	<b>4,194.03</b>	<b>32,127.82</b>

## 36 Dividend distribution made and proposed

	As at 31 March 2022	As at 31 March 2021
<b>Equity shares</b>		
Final dividend for the year ended 31 March 2021 of ₹ 15 per share (for the year ended 31 March 2020: ₹ 10 per share)	3,109.81	1,036.77
	3,109.81	1,036.77

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

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 20 per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

### 37 Capital management

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

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

	As at 31 March 2022	As at 31 March 2021
Borrowings	6,842.40	3,480.77
Less: Cash and cash equivalents	31.94	44.46
Less: Other bank balances	7,060.17	4,041.02
<b>Net debt</b>	<b>(249.71)</b>	<b>(604.71)</b>
Equity	68,735.81	60,409.01
<b>Capital and net debt</b>	<b>68,486.10</b>	<b>59,804.31</b>
Gearing ratio	-0.36%	-1.01%

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 2022 and 31 March 2021.

### 38 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) (resigned w.e.f. 05 August 2021) Ajit Singh Chatha (Independent Director) (term completed as on 31 March 2022) Amrik Singh Sohi (Independent Director) (term completed as on 31 March 2022) Suresh Kumar Singla (Independent Director) Manisha Gupta (Independent Director) Alok Kumar Misra (Independent Director) Roshan Lal Behl (Independent Director) (appointed w.e.f. 05 August 2021) Manikant Prasad Singh (Independent Director) (appointed w.e.f. 01 February 2022) Parvinder Singh Pruthi (Independent Director) (appointed w.e.f. 01 February 2022) Raj Kapoor Sharma (Chief Financial Officer) Ankur Gauba (Company Secretary)
(ii) Subsidiary Company	Monte Carlo Home Textiles Limited (w.e.f 03 December 2021)
(iii) Enterprises over which key management personnel and their relatives are able to exercise significant influence	Cotton County Retail Limited Nahar Industrial Enterprises Limited

(with whom transaction have taken place)	Nahar Spinning Mills Limited Oswal Woollen Mills Limited Oswal Foundation Mohan Dai Oswal Cancer Treatment & Research Foundation Generation Next Tech Apps Private Limited Hyperyno Lifestyle Private Limited
(iv) Enterprises having significant influence on the Company	Girnar Investments Limited Sidhant and Mannat Company Limited Nagdevi Trading and Investment Company Limited Simran and Shanaya Company Limited

**(b) Disclosure of transactions between the Company and related parties and the status of outstanding balances:**

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>(i) Transactions - enterprises over which key management personnel and their relative are able to exercise significant influence</b>		
<b>Sale of goods</b>		
Nahar Spinning Mills Limited	578.73	748.23
Nahar Industrial Enterprises Limited	5.60	2.39
Oswal Woollen Mills Limited	55.75	45.42
Mohan Dai Oswal Cancer Treatment & Research Foundation	18.70	15.79
Oswal Foundation		0.11
<b>Sales returns</b>		
Oswal Woollen Mills Limited	0.84	0.03
Nahar Spinning Mills Limited	0.03	22.07
Nahar Industrial Enterprises Limited	1.83	0.22
Mohan Dai Oswal Cancer Treatment & Research Foundation	2.97	-
Cotton County Retail Limited	-	6.54
<b>Purchase of goods</b>		
Nahar Spinning Mills Limited	3,754.69	2,618.77
Nahar Industrial Enterprises Limited	440.81	313.38
Cotton County Retail Limited	-	0.08
Oswal Woollen Mills Limited	5,579.08	4,972.62
<b>Purchase of property, plant and equipment</b>		
Nahar Industrial Enterprises Limited	-	1.50
Cotton County Retail Limited	6.44	0.59
Oswal Woollen Mills Limited	-	3.67
Nahar Spinning Mills Limited	-	0.18
<b>Purchase return</b>		
Oswal Woollen Mills Limited	0.90	-
Nahar Industrial Enterprises Limited	3.88	2.42
<b>Investment in shares</b>		
Monte Carlo Home Textiles Limited	20.00	-
<b>Rent paid</b>		
Nahar Spinning Mills Limited	63.14	67.62
Nahar Industrial Enterprises Limited	132.65	10.80
Oswal Woollen Mills Limited	145.40	152.11
<b>Processing charges paid</b>		
Nahar Spinning Mills Limited	213.17	76.59
Oswal Woollen Mills Limited	42.93	2.04
Nahar Industrial Enterprises Limited	1.34	-
<b>Reimbursement of expenses paid</b>		
Nahar Industrial Enterprises Limited	112.98	107.27

Nahar Spinning Mills Limited	35.38	123.40
Oswal Woollen Mills Limited	108.61	118.66
Mohan Dai Oswal Cancer Treatment & Research Foundation	2.26	1.50
Reimbursement of expenses received		
Nahar Industrial Enterprises Limited	-	0.12
Nahar Spinning Mills Limited	-	0.06
Oswal Woollen Mills Limited	42.41	15.81
Hyperyno Lifestyle Private Limited	1.35	-
Generation Next Tech Apps Private Limited	0.06	0.49
<b>Contribution made to the fund (CSR activities)</b>		
Oswal Foundation (refer note 32)	175.75	179.61

**(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 2022	For the year ended 31 March 2021
<b>Trade payables</b>		
Nahar Spinning Mills Limited	469.74	103.17
Nahar Industrial Enterprises Limited	148.30	57.76
Cotton County Retail Limited	-	0.70
Oswal Woollen Mills Limited	1,431.59	1,585.06
<b>Trade receivable</b>		
Nahar Industrial Enterprises Limited	-	0.50
Mohan Dai Oswal Cancer Treatment & Research Foundation	0.54	0.92
Oswal Woollen Mills Limited	-	5.81
Nahar Spinning Mills Limited	-	1.91
Advances to suppliers		
Oswal Woollen Mills Limited	-	4.24
Advances from customers		
Oswal Woollen Mills Limited	-	0.01

**(c) Disclosure of transaction between the Company and key management personnel and the status of outstanding balances:**

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>(i) Transactions - key management personnel</b>		
<b>Remuneration to KMPs</b>		
Director sitting fee	6.25	5.25
Employee benefits*	35.59	26.25
Managerial remuneration*	1,197.67	687.29
<b>*Name of KMP</b>		
Jawahar Lal Oswal	655.99	173.24
Sandeep Jain	213.06	200.38
Monica Oswal	95.59	95.43
Ruchika Oswal	95.60	95.53
Rishabh Oswal	137.44	122.71
Raj Kapoor Sharma	25.42	18.82
Ankur Gauba	10.17	7.43

**(ii) Year end balances - key management personnel**

	As at 31 March 2022	As at 31 March 2021
<b>Due to KMPs</b>		
Jawahar Lal Oswal	355.84	173.24

Sandeep Jain	36.48	34.20
Monica Oswal	15.39	15.39
Ruchika Oswal	15.39	15.39
Rishabh Oswal	23.66	21.03
Raj Kapoor Sharma	2.67	2.28
Ankur Gauba	1.08	0.89

### 39 Revenue from contracts with customers (Ind AS 115)

Ind AS 115 "Revenue from Contracts with Customers", establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

- i) Identify the contract(s) with customer;
- ii) Identify separate performance obligations in the contract;
- iii) Determine the transaction price;
- iv) Allocate the transaction price to the performance obligations; and
- v) Recognise revenue when a performance obligation is satisfied

The Company is in the business of manufacturing and trading of textile garments which are considered to be homogeneous products.

#### a) Disaggregation of revenue

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

##### As at 31 March 2022:

Revenue from operations	Sale of products	Other operating revenues	Total
Revenue by geography			
Export	52.16	-	52.16
Domestic	90,241.36	138.68	90,380.04
<b>Total</b>	<b>90,293.52</b>	<b>138.68</b>	<b>90,432.20</b>
Revenue by time			
Revenue recognised at point in time			90,432.20
Revenue recognised over time			-
<b>Total</b>			<b>90,432.20</b>

##### 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
<b>Total</b>	<b>62,120.00</b>	<b>81.73</b>	<b>62,201.73</b>
Revenue by time			
Revenue recognised at point in time			62,201.73
Revenue recognised over time			-
<b>Total</b>			<b>62,201.73</b>

	As at 31 March 2022	As at 31 March 2021
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#### b) Reconciliation of revenue recognised in Statement of Profit and Loss with contract price

Gross sale of products	1,13,599.61	75,894.03
Less: Adjustment on account of returns	(13,940.38)	(7,367.09)
Less: Adjustment on account of discounts	(9,365.71)	(6,406.94)
	90,293.52	62,120.00

#### c) Assets and liabilities related to contracts with customers

Trade receivables (refer note 8.2)	26,513.23	22,949.97
Right to recover returned goods (refer note 7)	3,669.53	2,281.58
Advance from customers (refer note 15)	1,064.12	846.67
Refund liability (refer note 14.4)	5,628.98	3,347.63

**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	846.67	609.39
b. Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

**40 Leases (Ind AS 116)**

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	As at 31 March 2022	As at 31 March 2021
Opening Balance	7,521.21	7,585.74
Additions during the year	3,229.72	1,400.96
Modifications during the year	(73.32)	-
De-recognition during the year	(1,301.11)	(26.14)
Depreciation Expenses for the year	(1,654.63)	(1,439.34)
<b>Balance at the end of the year</b>	<b>7,721.88</b>	<b>7,521.21</b>

Set out below are the carrying amounts of lease liabilities and the movements during the year:

Opening Balance	8,352.33	8,038.57
Additions	3,229.72	1,376.79
Finance Charge	770.52	692.24
Modifications	(74.55)	-
Derecognition	(1,503.49)	(28.44)
Repayment	(1,662.30)	(1,178.79)
Lease waivers	(384.61)	(548.03)
<b>Balance at the end of the year</b>	<b>8,727.63</b>	<b>8,352.33</b>
Current	1,314.66	1,157.01
Non-current	7,412.97	7,195.32

The effective interest rate for lease liabilities is 8.49% as on 31 March 2022 (8.71% as on 31 March 2021)

**COVID-19-Related Rent Concessions:**

The Ministry of Corporate Affairs vide notification dated 24 July 2020 and 18 June 2021 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:

	As at 31 March 2022	As at 31 March 2021
Income on rent concessions	384.61	548.03

**The following are the amounts recognised in profit or loss:**

	As at 31 March 2022	As at 31 March 2021
Depreciation expense of right-of-use assets	1,654.63	1,439.34
Interest expense on lease liabilities	770.52	692.24
Expense relating to short-term leases (included in other expenses)	390.40	310.49
<b>Total amount recognised in profit or loss</b>	<b>2,815.55</b>	<b>2,442.07</b>

The following provides information on the Company’s variable Lease payments including the magnitude in relation to fixed payments:

Variable rent with minimum payment	83.24	-
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**The table below describes the nature of company's leasing activities by type of right-of-use asset recognised on Balance Sheet:**

No of right of use assets leased	97 assets	85 assets
Range of remaining terms (in years)	1 to 9 years	1 to 9 years
No of leases with extention options	95 leases	83 leases
No of leases with termination options	97 leases	85 leases

## 41 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/trading of textile garment. Since the Company operates in one product line, therefore product wise revenue disclosure is not applicable.

#### (b) Information about geographical area

The Company's sales includes sales to customers which are domiciled in India and outside India. Below is the details of Company's revenue from customers domiciled in India and outside India:

	As at 31 March 2022	As at 31 March 2021
Revenue from external customers		
- domiciled outside India	52.16	32.24
- domiciled in India	90,241.36	62,087.76
	90,293.52	62,120.00

#### (c) Information about major customers

No single customer contributed 10% or more to Company's revenue.

## 42 Note on COVID-19

In March 2020, World Health Organization (WHO) had declared the outbreak of Novel Coronavirus as a pandemic. Complying with the directives of Government, the plants and offices of the Company had been under lockdown for few months resulting thereto the operations for the previous year had been impacted. Post lockdown, the Company has gradually resumed its operations to normalcy. However, the recent second wave and third wave of Covid-19 has resulted in reimposition of partial lockdowns/ restrictions in various states but the same has not significantly impacted Company's performance.

The Company has taken into account all the possible impacts of COVID-19 in preparation of these financial results, including but not limited to its assessment of liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue and cost, impact on leases, and impact on investments. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these financial results and believes that the impact of COVID-19 is not material to these financial results and expects to recover the carrying amount of its assets.

## 43 Key Financial Ratios

Particulars	Numerator	Denominator	Year ended 31 March 2022	Year ended 31 March 2021	% Change	Reason for major variance
(i) Current Ratio	Current assets	Current Liabilities	2.48	2.96	-16%	Refer note (a)
(ii) Debt Equity Ratio	Total borrowings (current and non-current)	Total Equity	0.10	0.06	73%	Refer note (b)
(iii) Debt Service Coverage Ratio	Earning available for debt service *	Debt Service **	3.22	4.20	-23%	Refer note (a)
(iv) Return on Equity Ratio (%)	Profit after tax	Total Equity	16.59%	10.97%	51%	Refer note (d)
(v) Inventory Turnover	Cost of goods sold	Average Total Inventory	1.91	1.58	20%	Refer note (a)
(vi) Trade Receivables Turnover Ratio	Revenue from operations	Average Trade Receivables	3.66	2.58	42%	Refer note (c)
(vii) Trade Payables Turnover Ratio	Purchase of materials & stock-in-trade	Average Trade Payables	3.86	2.07	87%	Refer note (d)
(viii) Net Capital Turnover Ratio	Revenue from operations	Total Current Assets less Total Current Liabilities	1.87	1.38	35%	Refer note (e)
(ix) Net Profit/(loss) Margin (%)	Net Profit after tax	Revenue From Operations	12.61%	10.66%	18%	Refer note (a)
(x) Return on capital employed (%)	Profit before interest and tax	Capital Employed #	24.88%	18.06%	38%	Refer note (f)
(xi) Return on investment (%)	Earnings on investments	Average Investments	4.61%	8.33%	-45%	Refer note (g)



\* Earning Available For Debt Service = Net profit after tax + Non cash operating expenses like depreciation, amounts written off and other amortizations + Finance Cost

\*\* Debt service = Finance Costs + Principal repayments of long term borrowings + Lease Rent expense + Payment of lease liability

# Capital Employed = Total Equity + Total Borrowings (Current and Non-Current) - Right of Use Assets - Intangible assets - Intangible assets under development

**Notes:**

(a) There is no significant change (25% or more) in FY 2021-22 in comparison to FY 2020-21.

(b) Increase in Debt Equity ratio is due to additional borrowings obtained during the year by the company for meeting its working capital requirements for expansion of business.

(c) Amid Covid-19 pandemic, the business across the nation was mandatorily shut down because of the spread of disease. During the current year, the business is back to normalcy which has resulted in significant increase in revenue. Thus, the turnover days has reduced as compared to previous year.

(d) Improved on account of operational efficiency as explained in note (c) above.

(e) Improvement in ratio due to increase in revenue from previous year.

(f) Increased in current year due to healthy operational performance.

(g) Decrease by 45% on account of significant increase in investments in current year as compared to previous year.

**44** a) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other persons or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(b) The Company has not received any funds from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**45** The Code on Social Security, 2020 ('Code') relating to employee benefits, during employment and post-employment benefits, has received the Presidential assent in September 2020. This Code has been published in the Gazette of India. However, the effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are also yet to be issued. The Company will evaluate the impact of the Code and will give appropriate impact in the financial statements in the period in which the Code becomes effective and the related rules are published.

**46** Previous period figures have been re-grouped / re-classified wherever necessary, to conform to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective 1 April 2021.

**47** During the year ended 31 March 2022, the Company has identified few instances where some franchisee owned and franchisee operated stores (FOFO stores) did not pass the discounts aggregating to ₹ 0.02 Lakhs to end customers as per the policy of the Company by issuing unauthorised manual invoicing, which were in violation with terms and conditions of the franchisee agreement. The Company, through the team of internal experts, commenced an enquiry into the said matter. Basis above investigations, the Company has concluded that potential impact of any such further instance during the year is not expected to be material to these financial statements.

The Company has further levied financial compensatory penalties amounting ₹ 25.00 Lacs to the said parties for the breach of terms and conditions of the agreement identified as above.

## 48 Events occurring after Balance Sheet date

The Company has evaluated all the subsequent events through 30 May 2022, which is the date on which these standalone financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in these standalone financial statements.

However, subsequent to year end, the board has declared a final dividend of ₹ 20.00 per Equity Share (i.e. 200%) having Face Value of ₹ 10.00 each for the Financial Year 2021-2022. The Final Dividend will be paid after approval of the Shareholders at the ensuing Annual General Meeting of the Company

## 49 Additional regulatory information

(i) The title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee disclosed in the standalone financial statements are held in the name of the Company.

(ii) There are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made.

(iii) The Company has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.

(iv) The company has not incurred any transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 for the yearended as at 31 March 2022.

(v) The Company does not have any charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

(vi) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

(vii) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(viii) Money raised by way of term loans were applied for the purposes for which these were obtained.

(ix) The Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as at year ended 31 March 2022.

(x) The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(xi) The Company does not have any advances in the nature of loans during the year.

## 50 Approval of financial statements

The financial statements were approved for issue by the board of directors on 30 May 2022.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date

**For Walker Chandio & Co LLP**

**For Monte Carlo Fashions Limited**

**Chartered Accountants**

**Firm's Registration No.: 001076N/N500013**

**Sandeep Mehta**

**Partner**

**Membership No.: 099410**

**Jawahar Lal Oswal**

**Chairman and Managing Director)**

**(DIN : 00463866)**

**Sandeep Jain**

**(Executive Director)**

**(DIN : 00565760)**

**Raj Kapoor Sharma**

**(Chief Financial Officer)**

**(Membership No. 093017)**

**Ankur Gauba**

**(Company Secretary)**

**(Membership No. FCS10577)**

**Place : Mohali**

**Date : 30 May 2022**

**Place : Ludhiana**

**Date : 30 May 2022**

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

**Opinion**

1. We have audited the accompanying consolidated financial statements of Monte Carlo Fashions Limited ('the Holding Company' or 'the Company') and its subsidiary (the Holding Company and its subsidiary, Monte Carlo Home Textiles Limited, together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated 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 consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates and joint ventures, as at 31 March 2022, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Group, 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 consolidated 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.

**Key Audit Matters**

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matter 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><b>Sales returns</b></p> <p>Refer accounting policies in note 1 (i) to the Financial Statements.</p> <p>One of the significant adjustments considered in revenue recognition is the adjustment for sales returns. The Company has various types of arrangements with the customers including outright sales and sales with right of return in normal course of business. 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 year for actual returns and expected returns in the subsequent periods based on 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>Our audit procedures in relation to revenue returns included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the process of sales returns and assessed the appropriateness of the accounting policy adopted by the Company for revenue recognition.</li> <li>• Assessed the design and implementation of controls in respect of the revenue recognition and sales returns and tested the effectiveness of key revenue controls operating across the business.</li> <li>• Obtained the historical trends for revenue and corresponding sales returns based on the accounting records maintained by the Company.</li> <li>• Analysed the appropriateness for the exclusions of certain revenue transactions from the estimations for expected sales returns.</li> </ul>

<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. Accordingly, Company has adjusted revenue of the current year by Rs. 1,959.45 lakhs. Company has recognized refund liability amounting to Rs. 5,628.98 lakhs and right to recover products from customers amounting to Rs. 3,669.53 lakhs as at 31 March 2022.</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>	<ul style="list-style-type: none"> <li>• Verified the customer's right to return goods with the signed agreements and corroborated the sales return estimates made by the management for the year based on discussions with management around past trends and other relevant factors.</li> <li>• Obtained the classification of contracts with similar characteristics, performed detailed analysis of the terms applicable for different types of contracts.</li> <li>• Tested the arithmetical accuracy of the calculations performed by the management in arriving at the expected value of sales returns.</li> <li>• Ensured that the accounting treatment in accordance with the provisions of Ind-AS 115.</li> <li>• Assessed the adequacy and appropriateness of the disclosures made in the financial statements is in accordance with the applicable accounting standards.</li> </ul>
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#### Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.
8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

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

10. Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the consolidated 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 Holding Company has adequate internal financial controls with reference to financial statements 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 Board of Directors' 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 ability of the Group 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 Group 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.
12. 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.
13. 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.
14. 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

15. As required by section 197(16) of the Act based on our audit, we report that the Holding Company, its subsidiary company incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date, of companies included in the consolidated financial statements for the year ended 31 March 2022 and covered under the Act we report that:
  - A) Following is the adverse remark reported by us in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2022 for which such Order reports have been issued till date:

S No	Name	CIN	Holding Company / subsidiary / Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Monte Carlo Fashions Limited	L51494PB-2008PLC032059	Holding Company	(xi)

17. As required by section 143(3) of the Act, based on our audit, we report, to the extent 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 aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
- c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
- e) On the basis of the written representations received from the directors of the Holding Company, its subsidiary company, covered under the Act, none of the directors of the Group companies, are disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I' wherein we have expressed an unmodified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. There were no pending litigations as at 31 March 2022 which would impact the consolidated financial position of the Group.;
  - ii. The Holding Company and its subsidiary company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022.;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022.;
  - iv.
    - a. The respective managements of the Holding Company and its subsidiary company, whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in note 44 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies, its associate companies or its joint venture companies to or in any person or entity, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies, its associate companies or its joint venture companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
    - b. The respective managements of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have represented to us, to the best of their knowledge and belief, as disclosed in the note 44 to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies, or its associate companies or its joint venture companies from any person or entity, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies, its associate companies or its joint venture companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
    - c. Based on such audit procedures performed by us, as considered reasonable and appropriate in the circumstances, nothing has come to

our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

- v. The interim dividend declared and paid by the Holding Company during the year ended 31 March 2022 and until the date of this audit report is in compliance with section 123 of the Act.  
The interim dividend paid by the Holding Company during the year ended 31 March 2022 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 11 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

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

Sandeep Mehta  
Partner  
Membership No.: 099410  
UDIN: 22099410AJWQI4553

Place: Mohali  
Date: 30 May 2022

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**Annexure I****Annexure I to the Independent Auditor's Report of even date to the members of Monte Carlo Fashions Limited on the consolidated financial statements for the year ended 31 March 2022****Independent Auditor's Report on the internal financial controls with reference to 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 consolidated financial statements of Monte Carlo Fashions Limited ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company, which are companies covered under the Act, as at that date.

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

2. The respective Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are 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 issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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

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

**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 Holding Company, its subsidiary company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, 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 issued by the Institute of Chartered Accountants of India.

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

**Sandeep Mehta**  
**Partner**  
**Membership No.: 099410**  
**UDIN: 22099410AJWIQI4553**

**Place: Mohali**  
**Date: 30 May 2022**

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## Consolidated Balance Sheet as at 31 March 2022

(All amounts in ₹ lakhs, unless stated otherwise)

	Notes	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	2.1	15,321.53	14,926.87
b) Right-of-use assets	2.2	7,721.89	7,521.21
c) Capital work-in-progress	3.1	127.43	-
d) Intangible assets	4	36.26	36.01
e) Intangible assets under development	3.2	183.09	116.44
f) Financial assets			
i) Investments	5.1	2,690.88	392.41
ii) Other financial assets	5.2	3,464.63	1,582.32
g) Deferred tax assets (net)	27	1,291.29	912.29
h) Other non-current assets	6	380.44	247.91
<b>Total non-current assets</b>		<b>31,217.44</b>	<b>25,735.46</b>
<b>Current assets</b>			
a) Inventories	7	28,908.34	20,153.92
b) Financial assets			
i) Investments	8.1	14,066.53	17,359.59
ii) Trade receivables	8.2	26,513.23	22,949.97
iii) Cash and cash equivalents	8.3	42.48	44.46
iv) Other bank balances not considered as cash and cash equivalents	8.4	7,060.17	4,041.02
v) Loans	8.5	41.78	43.00
vi) Other financial assets	8.6	367.51	363.46
c) Other current assets	9	3,957.70	2,969.19
<b>Total current assets</b>		<b>80,957.74</b>	<b>67,924.61</b>
<b>Total assets</b>		<b>1,12,175.18</b>	<b>93,660.07</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	10	2,073.21	2,073.21
b) Other equity	11	66,653.24	58,335.80
<b>Total equity</b>		<b>68,726.45</b>	<b>60,409.01</b>

(All amounts in ₹ lakhs, unless stated otherwise)

<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	12.1	832.51	1,172.69
ii) Lease liabilities	12.2	7,412.97	7,195.32
iii) Other financial liabilities	12.3	2,294.80	1,861.86
b) Other non-current liabilities	13	266.77	103.27
<b>Total non-current liabilities</b>		<b>10,807.05</b>	<b>10,333.14</b>
<b>Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	14.1	6,009.89	2,308.08
ii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises; and	14.2	23.68	147.62
Total outstanding dues of creditors other than micro enterprises and small enterprises	14.2	14,748.26	13,724.07
iii) Lease liabilities	14.3	1,314.66	1,157.01
iv) Other financial liabilities	14.4	7,247.92	4,273.82
b) Other current liabilities	15	1,454.10	1,157.18
c) Provisions	16	666.06	88.38
d) Current tax liabilities (net)	17	1,177.11	61.76
<b>Total current liabilities</b>		<b>32,641.68</b>	<b>22,917.92</b>
<b>Total equity and liabilities</b>		<b>1,12,175.18</b>	<b>93,660.07</b>

**Notes 1 to 52 forms an integral part of these consolidated financial statements**

This is the consolidated 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

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

(Chairman and Managing Director)

(DIN : 00463866)

**Sandeep Jain**

(Executive Director)

(DIN : 00565760)

**Raj Kapoor Sharma**

(Chief Financial Officer)

(Membership No. 093017)

**Ankur Gauba**

(Company Secretary)

(Membership No. FCS10577)

Place : Mohali

Date : 30 May 2022

Place : Ludhiana

Date : 30 May 2022

## Consolidated Statement of Profit and Loss for the year ended 31 March 2022

(All amounts in ₹ lakhs, unless stated otherwise)

	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>I INCOME</b>			
Revenue from operations	18	90,432.20	62,201.73
Other income	19	2,548.69	2,017.07
<b>Total income</b>		<b>92,980.89</b>	<b>64,218.80</b>
<b>II EXPENSES</b>			
Cost of materials consumed	20	22,996.21	14,894.44
Purchases of stock-in-trade	21	31,740.63	16,894.58
Changes in inventories of finished goods, work-in-progress and traded goods	22	(7,956.53)	1,309.95
Employee benefit expense	23	8,117.70	5,988.56
Finance costs	24	1,568.47	1,351.04
Depreciation and amortisation expense	25	3,725.29	3,420.03
Other expenses	26	17,540.98	11,558.13
<b>Total expenses</b>		<b>77,732.75</b>	<b>55,416.73</b>
<b>III Profit before tax (I-II)</b>		<b>15,248.14</b>	<b>8,802.07</b>
<b>IV Tax expense:</b>	<b>27</b>		
(1) Current tax expense		4,244.03	2,393.68
(2) Deferred tax income		(390.11)	(221.19)
<b>V Profit for the year (III-IV)</b>		<b>11,394.22</b>	<b>6,629.58</b>
<b>VI Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement gain on defined benefit obligations		52.24	399.35
Income tax relating to these items		(13.15)	(100.51)
Net fair value loss on investment in perpetual bonds through OCI		(8.12)	-
Income tax relating to these items		2.04	-
<b>Other comprehensive income for the year, net of tax</b>		<b>33.01</b>	<b>298.84</b>
<b>VII Total comprehensive income for the year</b>		<b>11,427.23</b>	<b>6,928.42</b>
<b>VIII Earnings per equity share (nominal value ₹ 10 each)</b>	<b>29</b>		
Basic		54.96	31.98
Diluted		54.96	31.98

### Notes 1 to 52 forms an integral part of these consolidated financial statements

This is the consolidated Statement of Profit and Loss 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

#### For Monte Carlo Fashions Limited

#### Jawahar Lal Oswal

(Chairman and Managing Director)

(DIN : 00463866)

#### Sandeep Jain

(Executive Director)

(DIN : 00565760)

#### Raj Kapoor Sharma

(Chief Financial Officer)

(Membership No. 093017)

#### Ankur Gauba

(Company Secretary)

(Membership No. FCS10577)

Place : Mohali

Date : 30 May 2022

Place : Ludhiana

Date : 30 May 2022

**Consolidated Statement of Cash flow statement for the year ended 31 March 2022**

(All amounts in ₹ lakhs, unless stated otherwise)

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>A. Cash flow from operating activities:</b>		
<b>Profit before tax</b>	<b>15,248.15</b>	<b>8,802.07</b>
Add: Adjustment for non-cash and non-operating items		
Depreciation and amortisation expense	3,725.29	3,420.03
Finance costs *	1,568.47	1,351.04
Interest income	(607.78)	(607.82)
Profit/ (loss) on sale of investments (net)	(138.40)	3.36
Profit/ (loss) on sale of property, plant and equipment (net)	183.75	8.04
Advances written Back	-	(30.56)
Unrealised foreign exchange gain	(29.16)	-
Rent Concessions	(384.61)	(548.03)
Profit on derecognition of lease contract	(203.61)	(26.48)
Fair valuation of investments through profit and loss	(674.04)	(529.69)
Amounts written off	29.37	271.02
Provision For Balances With statutory & Government Authority	-	168.46
Provision For Credit Impaired receivable	-	20.78
<b>Operating profit before working capital changes</b>	<b>18,717.43</b>	<b>12,302.22</b>
Adjustments for movement in:		
Trade Receivables	(3,592.63)	1,974.96
Inventories	(8,754.42)	1,464.28
Trade Payables	900.27	(2,864.38)
Financial and non-financial assets	(1,147.07)	(22.69)
Financial and non-financial liabilities	3,482.73	(269.86)
Provisions	577.67	68.76
<b>Cash generated from operating activities before taxes</b>	<b>10,183.98</b>	<b>12,653.29</b>
Direct taxes paid (net of refunds and demands)	(3,128.68)	(1,442.38)
<b>Net cash generated from operating activities (A)</b>	<b>7,055.30</b>	<b>11,210.91</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of property, plant and equipment (including capital advances and creditors for capital goods)	(2,508.07)	(1,732.72)
Proceeds from sale of property, plant and equipment	42.20	23.14
Purchase of investments	(2,656.48)	(10,900.00)
Proceeds from sale of investments	4,554.08	7,039.27
Other bank balances not considered as cash and cash equivalents		
Placed	(8,809.69)	(4,233.79)
Matured	4,041.02	1,142.29
Interest received	518.16	441.83
<b>Net cash (used in)/generated from investing activities (B)</b>	<b>(4,818.78)</b>	<b>(8,219.99)</b>
<b>C. Cash flow from financing activities:</b>		
Repayment of long-term borrowings	(1,637.18)	(458.05)
Proceeds from long-term borrowings	1,162.50	-
Proceeds from current borrowings (net)	3,832.22	303.21

Payment of lease liabilities	(1,662.30)	(1,178.79)
Dividend paid	(3,109.81)	(1,036.76)
Finance cost paid*	(823.93)	(710.50)
<b>Net cash used in financing activities (C)</b>	<b>(2,238.50)</b>	<b>(3,080.89)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(1.98)</b>	<b>(89.97)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>44.46</b>	<b>134.43</b>
<b>Closing cash and cash equivalents</b>	<b>42.48</b>	<b>(44.46)</b>
<b>Cash and cash equivalents (refer note 8.3) include:</b>		
Cash on hand (including stamps)	41.97	21.49
Balance with banks	0.51	22.97
<b>Cash and cash equivalents</b>	<b>42.48</b>	<b>44.46</b>

\*Finance cost paid includes interest paid on lease liabilities amounting to ₹ 770.52 lakhs for the year ended 31 March 2022 (₹ 692.24 lakhs for the year ended 31 March 2021)

**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, intangible assets under development, creditors for capital goods and capital advances during the year.

**Notes 1 to 52 forms an integral part of these consolidated financial statements**

This is the Cash Flow statement referred to in our report of even date

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sandeep Mehta**

Partner

Membership No.: 099410

**For Monte Carlo Fashions Limited**

**Jawahar Lal Oswal**

(Chairman and Managing Director)

(DIN : 00463866)

**Sandeep Jain**

(Executive Director)

(DIN : 00565760)

**Raj Kapoor Sharma**

(Chief Financial Officer)

(Membership No. 093017)

**Ankur Gauba**

(Company Secretary)

(Membership No. FCS10577)

Place : Mohali

Date : 30 May 2022

Place : Ludhiana

Date : 30 May 2022

**Consolidated Statement of changes in equity for the year ended 31 March 2022**

(All amounts in ₹ lakhs, unless stated otherwise)

**A. Equity share capital**

As at 1 April 2021	2,073.21
Changes in equity share capital during the year	-
<b>As at 31 March 2022</b>	<b>2,073.21</b>

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

Particulars	Other equity						Total
	Capital reserves	Capital redemption reserve	Securities premium	General reserve	Retained earnings	Other comprehensive income	
<b>Balance as at 1 April 2020</b>	<b>0.01</b>	<b>100.00</b>	<b>7,469.76</b>	<b>38,086.51</b>	<b>6,787.87</b>	-	<b>52,444.15</b>
Profit for the year	-	-	-	-	6,629.58	-	6,629.58
Other comprehensive income for the year (net of tax)	-	-	-	-	298.84	-	298.84
<b>Total comprehensive income for the year</b>	<b>0.01</b>	<b>100.00</b>	<b>7,469.76</b>	<b>38,086.51</b>	<b>13,716.29</b>	-	<b>59,372.57</b>
Dividend	-	-	-	-	(1,036.77)	-	(1,036.77)
<b>Balance as at 31 March 2021</b>	<b>0.01</b>	<b>100.00</b>	<b>7,469.76</b>	<b>38,086.51</b>	<b>12,679.52</b>	-	<b>58,335.80</b>
<b>Balance as at 1 April 2021</b>	<b>0.01</b>	<b>100.00</b>	<b>7,469.76</b>	<b>38,086.51</b>	<b>12,679.52</b>	-	<b>58,335.80</b>
Profit for the year	-	-	-	-	11,394.22	-	11,394.22
Net fair value gain on investment in perpetual bonds through OCI (net of tax)	-	-	-	-	-	(6.08)	(6.08)
Remeasurement of defined benefit obligations (net)	-	-	-	-	39.08	-	39.08
<b>Total comprehensive income for the year</b>	<b>0.01</b>	<b>100.00</b>	<b>7,469.76</b>	<b>38,086.51</b>	<b>24,112.82</b>	<b>(6.08)</b>	<b>69,763.02</b>
Dividend	-	-	-	-	(3,109.81)	-	(3,109.81)
<b>Balance as at 31 March 2022</b>	<b>0.01</b>	<b>100.00</b>	<b>7,469.76</b>	<b>38,086.51</b>	<b>21,003.01</b>	<b>(6.08)</b>	<b>66,653.21</b>

**Notes 1 to 52 forms an integral part of these consolidated 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

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

(Chairman and Managing Director)

(DIN : 00463866)

**Raj Kapoor Sharma**

(Chief Financial Officer)

(Membership No. 093017)

**Sandeep Jain**

(Executive Director)

(DIN : 00565760)

**Ankur Gauba**

(Company Secretary)

(Membership No. FCS10577)

Place : Mohali

Date : 30 May 2022

Place : Ludhiana

Date : 30 May 2022

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

### 1. i) Corporate information and statement of compliance with Indian Accounting Standards (Ind AS)

Monte Carlo Fashions Limited (the “Company” or “the Holding Company”), together with its subsidiary are collectively referred to as the “Group” in these consolidated financial statements. 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”.

These consolidated financial statements (‘financial statements’) of the Group have been prepared to comply in all material respects with accounting principles generally accepted in India, including Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 under Section 133 of the Companies Act, 2013 (the “Act”), as amended and other relevant provisions of the Act.

The financial statements for the year ended 31 March 2022 were authorized and approved for issue by the Board of Directors on 30 May 2022.

### ii) Basis of preparation

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

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

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

### Basis of consolidation

Subsidiary is the entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Statement of profit and loss (including other comprehensive income (‘OCI’)) of subsidiaries acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. All the consolidated subsidiaries have a consistent reporting date of 31 March 2022.

The Group combines the financial statements of the Holding Company and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Consolidated subsidiary is having consistent reporting date of 31 March 2022.

### 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 Group 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 Group classifies all other liabilities as non-current.

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

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group 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:** Manufactured finished goods are stated at the lower of cost or market value. 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:** Traded finished goods are 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**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of property, plant and equipment that are not yet ready for their intended use at the reporting date. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group 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 property, plant and equipment 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 Group:

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.

#### 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

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 Group's functional currency.

**Initial recognition**

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

**Subsequent measurement**

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

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

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

**h) Fair value measurement**

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

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.

Group 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, Group 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, Group 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.

- Disclosures for valuation methods, significant estimates and assumptions

- Quantitative disclosures of fair value measurement hierarchy
- Investment in unquoted equity shares
- Financial instruments

#### i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group 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 Group 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, other variable consideration 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 Group 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.

##### **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 Group has therefore recognized refund liabilities in respect of customer's right to return. The Group 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 Group'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 Group has presented the asset separately from the refund liability.

#### j) Borrowing costs

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

**k) Financial instruments**

Financial instruments are recognised when the Group 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 Group determines that the fair value at initial recognition differs from the transaction price, the Group 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 Group 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 Group 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 Group decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group 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 Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

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

- **Mutual funds** – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).
- **Derivative assets** - All derivative assets are measured at fair value through profit and loss (FVTPL).
- **Investments in equity instruments** – The Group subsequently measures all equity investments (other than subsidiaries) at fair value (either through profit or loss or through other comprehensive income). Dividends from such investments are recognized in the statement of profit or loss as other income when the Group's right to receive payments is established.
- **Financial assets carried at fair value through other comprehensive income (FVTOCI)** – A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling the financial asset. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group

recognizes interest income, impairment losses and reversals in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from equity to the statement of profit and loss.

#### **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 Group has transferred its rights to receive cash flows from the asset.

#### **Financial liabilities**

##### **Subsequent measurement**

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

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

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

##### **De-recognition of financial liabilities**

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

##### **Offsetting of financial instruments**

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

##### **Impairment of financial assets**

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

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

#### **l) Retirement and other employee benefits**

##### **Defined contribution plan**

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

##### **Defined benefit plans**

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

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

##### **Other short term benefits**

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

#### **m) Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Group 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 Group 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 Group 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 Group does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognized. However, when inflow of economic benefits is probable, related asset is disclosed.

#### **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 Group's lease asset classes primarily consist of leases for showrooms taken on rent. The Group 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 Group has several lease contracts that include extension and termination options. The Group 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 Group's operations; and the costs and business disruption required to replace the leased asset. The Group 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 Group 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 Group assesses whether:

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

At the date of commencement of the lease, the Group 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 Group 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 Group 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 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 Group 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 Group treats sale of the asset highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- 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 Group'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 Group 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 Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

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

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

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

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

**Significant judgements:**

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

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

**(ii) Expected credit loss:**

The expected credit loss reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Group'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 Group'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 Group 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) Realization of discounts given**

At each balance sheet date, basis historical trends, and policy of the group, the management assesses the expected discount to be given to customers. However, the actual outcome may be different from management's estimates.

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

At each balance sheet date, basis the management judgment, changes in facts and legal aspects, the Group 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) Leases**

The Group applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

**Ind AS 116 Leases – Estimating the Lease Term**

The Group adopted Ind AS 116 using the modified retrospective -2A method of adoption, with the date of initial application on 1 April 2019. The comparative figures are not restated and the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The Group 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 Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

**x) Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the (Indian

Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

**- Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any significant impact in its financial statements.

**- Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the group is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group does not expect the amendment to have any significant impact in its financial statements.

**- Ind AS 37 – Onerous Contracts – Costs of Fulfilling a Contract**

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The Group does not expect the amendment to have any significant impact in its financial statements.

**- Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Group does not expect the amendment to have any significant impact in its financial statements.

**- Ind AS 116 – Annual Improvements to Ind AS (2021)**

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Group does not expect the amendment to have any significant impact in its financial statements.

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(All amounts in ₹ lakhs, unless stated otherwise)

**2 Property, plant and equipment**

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Office equipment	Furniture and fixtures	Vehicles	Total
<b>Gross carrying value</b>								
<b>Balance as at 1 April 2020</b>	<b>3,875.09</b>	<b>17.80</b>	<b>12,112.54</b>	<b>17,682.03</b>	<b>641.91</b>	<b>1,043.89</b>	<b>692.73</b>	<b>36,065.99</b>
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
<b>Balance as at 31 March 2021</b>	<b>3,875.09</b>	<b>17.80</b>	<b>12,575.14</b>	<b>18,195.84</b>	<b>680.73</b>	<b>1,081.56</b>	<b>805.05</b>	<b>37,231.21</b>
Additions during the year	-	-	159.67	2,316.94	86.77	50.88	56.24	2,670.50
Disposals during the year	-	-	-	1,108.48	2.03	-	28.43	1,138.94
<b>Balance as at 31 March 2022</b>	<b>3,875.09</b>	<b>17.80</b>	<b>12,734.81</b>	<b>19,404.30</b>	<b>765.47</b>	<b>1,132.44</b>	<b>832.86</b>	<b>38,762.77</b>
<b>Accumulated depreciation</b>								
<b>Balance as at 1 April 2020</b>	-	<b>0.77</b>	<b>4,861.67</b>	<b>14,388.59</b>	<b>531.19</b>	<b>707.37</b>	<b>398.36</b>	<b>20,887.95</b>
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
<b>Balance as at 31 March 2021</b>	-	<b>0.95</b>	<b>5,522.77</b>	<b>14,950.79</b>	<b>578.86</b>	<b>791.97</b>	<b>459.00</b>	<b>22,304.34</b>
Additions during the year	-	0.18	642.69	1,158.49	56.14	76.10	116.30	2,049.90
Disposals during the year	-	-	-	884.36	1.63	-	27.01	913.00
<b>Balance as at 31 March 2022</b>	-	<b>1.13</b>	<b>6,165.46</b>	<b>15,224.92</b>	<b>633.37</b>	<b>868.07</b>	<b>548.29</b>	<b>23,441.24</b>
<b>Net carrying amount</b>								
<b>Balance as at 31 March 2021</b>	<b>3,875.09</b>	<b>16.85</b>	<b>7,052.37</b>	<b>3,245.05</b>	<b>101.87</b>	<b>289.59</b>	<b>346.05</b>	<b>14,926.87</b>
<b>Balance as at 31 March 2022</b>	<b>3,875.09</b>	<b>16.67</b>	<b>6,569.35</b>	<b>4,179.38</b>	<b>132.10</b>	<b>264.37</b>	<b>284.57</b>	<b>15,321.53</b>

**Notes:**

- i) Refer note 28 for disclosure of capital commitments for the acquisition of property, plant and equipment.
- ii) Refer note 30 for information on assets pledged as security by the Group.

**2.2 Right-of-use assets**

Particulars	Land and Buildings	Total
<b>Gross carrying value</b>		
<b>Balance as at 1 April 2020</b>	<b>8,870.80</b>	<b>8,870.80</b>
Additions during the year	1,374.82	1,374.82
<b>Balance as at 31 March 2021</b>	<b>10,245.62</b>	<b>10,245.62</b>
Additions during the year	1,855.30	1,855.30
<b>Balance as at 31 March 2022</b>	<b>12,100.92</b>	<b>12,100.92</b>
<b>Accumulated depreciation</b>		
<b>Balance as at 1 April 2020</b>	<b>1,285.06</b>	<b>1,285.06</b>
Additions during the year	1,439.35	1,439.35
<b>Balance as at 31 March 2021</b>	<b>2,724.41</b>	<b>2,724.41</b>
Additions during the year	1,654.62	1,654.62
<b>Balance as at 31 March 2022</b>	<b>4,379.03</b>	<b>4,379.03</b>
<b>Net carrying amount</b>		
<b>Balance as at 31 March 2021</b>	<b>7,521.21</b>	<b>7,521.21</b>
<b>Balance as at 31 March 2022</b>	<b>7,721.89</b>	<b>7,721.89</b>

**Note:**

- i) Refer note 40 for information on assets taken on lease.

(All amounts in ₹ lakhs, unless stated otherwise)

**3.1 Capital work-in-progress**

<b>Movement in capital work-in-progress</b>	
Balance as at 1 April 2020	-
Additions during the year	-
Capitalisation during the year	-
<b>Balance as at 31 March 2021</b>	-
Additions during the year	127.43
Capitalisation during the year	-
<b>Balance as at 31 March 2022</b>	<b>127.43</b>
<b>Carrying value</b>	
<b>Balance as at 31 March 2022</b>	<b>127.43</b>

**Notes:**

- i) Capital work-in-progress includes building under construction not ready for use as at year end.  
ii) Refer note 30 for information on assets pledged as security by the Group.

**Capital work in progress ageing schedule**

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>Projects in progress</b>					
As at 31 March 2022	127.43	-	-	-	127.43
As at 31 March 2021	-	-	-	-	0.00

**3.2 Intangible assets under development**

<b>Movement in Intangible assets under development</b>	
Balance as at 1 April 2020	248.54
Additions during the year	194.52
Capitalisation during the year	326.62
<b>Balance as at 31 March 2021</b>	<b>116.44</b>
Additions during the year	66.65
Capitalisation during the year	-
<b>Balance as at 31 March 2022</b>	<b>183.09</b>
<b>Carrying value</b>	
Balance as at 31 March 2021	116.44
Balance as at 31 March 2022	183.09

**Notes:**

- i) Intangible assets under development includes software under construction not ready for use as at year end.  
ii) Refer note 30 for information on assets pledged as security by the Group.

**Intangible assets under development ageing schedule**

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>Projects in progress</b>					
As at 31 March 2022	66.66	8.93	107.50	-	183.09
As at 31 March 2021	8.93	107.51	-	-	116.44

#### 4 Intangible assets

Particulars	Computer software	Total
<b>Gross carrying value</b>		
<b>Balance as at 1 April 2020</b>	229.51	229.51
Additions during the year	10.69	10.69
Disposals during the year	-	-
<b>Balance as at 31 March 2021</b>	240.20	240.20
Additions during the year	21.03	21.03
Disposals during the year	-	-
<b>Balance as at 31 March 2022</b>	<b>261.23</b>	<b>261.23</b>
<b>Accumulated amortisation</b>		
<b>Balance as at 1 April 2020</b>	<b>171.93</b>	<b>171.93</b>
Additions during the year	32.26	32.26
Disposals during the year	-	-
<b>Balance as at 31 March 2021</b>	<b>204.19</b>	<b>204.19</b>
Additions during the year	20.78	20.78
Disposals during the year	-	-
<b>Balance as at 31 March 2022</b>	<b>224.97</b>	<b>224.97</b>
<b>Net carrying amount</b>		
<b>Balance as at 31 March 2021</b>	<b>36.01</b>	<b>36.01</b>
<b>Balance as at 31 March 2022</b>	<b>36.26</b>	<b>36.26</b>

#### 5.1 Non-current investments

	As at 31 March 2022		As at 31 March 2021	
	Units	Amount	Units	Amount
<b>Investments in bonds and debentures</b>				
<b>At fair value through other comprehensive income</b>				
<b>Quoted</b>				
Bank of Baroda ASR XVI 8.15 BD Perpetual FVRS of ₹ 10 each fully paid up	10.00	100.00	-	-
Canara Bank SRIII 8.50 BD Perpetual FVRS of ₹ 10 each fully paid up	10.00	100.00	-	-
Indian Bank SR IV 8.44 LOA Perpetual FVRS of ₹ 10 each fully paid up	10.00	100.00	-	-
National Highways Authority of India SRI 7.26 BD 10 AG38 FVRS	30.00	309.05	-	-
Punjab National Bank SR XIV 8.50 LOA Perpetual FVRS of ₹ 10 each fully paid up	2.00	200.00	-	-
State Bank of India SRI 7.72 BD Perpetual FVRS	6.00	611.70	-	-
State Bank of India SR II 7.73 BD Perpetual FVRS	30.00	319.88	-	-
Tata Motors Finance Limited SR B 10 NCD 29MR29 FVRS of ₹ 10 each fully paid up	40.00	400.00	-	-
Kotak FMP series 226 (1,473 days) direct growth INF174K017X3 (unit of ₹ 10 each)	-	-	30,00,000.00	392.41
<b>Investments in bonds - at amortized cost</b>				
Piramal Enterprises Limited BR NCD 28JU23 FVRS	20.00	213.80	-	-
Shriram City Union Finance Limited SR XXIII TR 1 BR NCD 17MY23 FVRS	30.00	336.45	-	-
<b>Grand total</b>		<b>2,690.88</b>		<b>392.41</b>
<b>Aggregate cost of quoted investments</b>		2,658.48		300.00
<b>Aggregate market value of quoted investments</b>		2,690.88		392.41

#### Notes:

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

**5.2 Other financial assets (non-current)**

	As at 31 March 2022	As at 31 March 2021
Non-current bank balances*	2,754.93	1,005.21
Security deposits	709.70	577.11
	<b>3,464.63</b>	<b>1,582.32</b>

\*Non-current bank balances includes ₹ 28.79 lakhs (as at 31 March 2021: nil) taken from State Bank of India and ₹ 0.65 lakhs (as at 31 March 2021: ₹ 5.21 lakhs) taken from Federal Bank pledged against the utilisation of non fund based limits.

**Notes:**

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

**6 Other non-current assets**

	As at 31 March 2022	As at 31 March 2021
Capital advances	181.87	133.91
Prepaid Gratuity	138.85	75.33
Prepaid expenses	59.72	38.67
	<b>380.44</b>	<b>247.91</b>

**7 Inventories**

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

	As at 31 March 2022	As at 31 March 2021
Raw materials	3,453.08	2,919.24
Work-in-progress	1,026.29	633.86
Finished goods	13,264.88	6,416.15
Stock in trade (in respect of goods acquired for trading)	6,549.64	7,222.22
Right to recover returned goods	3,669.53	2,281.58
Stores and spares	944.92	680.87
	<b>28,908.34</b>	<b>20,153.92</b>

**Note:**

- i) Refer note 30 for information on assets pledged as security by the Group.

**8.1 Current investments**

	As at 31 March 2022		As at 31 March 2021	
	Units	Amount	Units	Amount
<b>Investments in mutual funds (fully paid up)</b>				
<b>At fair value through profit and loss</b>				
<b>Quoted</b>				
ICICI FMP P8078 corporate bond fund DP growth (unit of ₹ 20.57 each)	9,71,954.26	238.96	9,71,954.26	228.47
ICICI FMP P8104 banking & PSU debt direct plan growth (unit of ₹ 22.61 each)	4,42,370.22	119.09	4,42,370.22	113.32
Birla sun life corporate bond fund growth regular (unit of ₹ 11.81 each)	42,32,553	6.89	42,32,553	16.85
Birla sun life medium term plan growth direct plan (unit of ₹ 20.69 each)	24,16,100	13.76	24,16,100	32.77
Nippon India strategic debt fund direct growth plan (unit of ₹ 13.24 each)	37,75,693.60	506.03	37,75,693.60	429.53
UTI dynamic bond fund direct growth plan (unit of ₹ 19.34 each)	-	-	25,84,954.53	580.06
UTI income opportunities fund direct growth plan (unit of ₹ 15.52 each)	-	-	32,22,417.72	421.77
IDFC monthly income plan ISIN No: INF194K (unit of ₹ 20.50 each)	9,75,647.83	275.43	9,75,647.83	258.63
IDFC super saver income fund growth INF19 (unit of ₹ 29.06 each)	10,32,215.44	418.59	10,32,215.44	398.92
HDFC corporate bond fund - direct plan - growth option INF179K01XD8M (unit of ₹ 18.53 each)	10,79,132.81	285.77	10,79,132.81	271.76
ICICI prudential bond fund direct plan (unit of ₹ 23.95 each)	8,35,093.99	277.85	8,35,093.99	267.24
HDFC corporate bond fund - direct plan - growth option INF179K01XD8M (unit of ₹ 18.57 each)	16,15,221.85	426.84	16,15,221.85	406.77
HDFC corporate bond fund - direct plan - growth option INF179K01XD8M (unit of ₹ 25.07 each)	11,96,670.00	316.89	11,96,670.00	301.36

HDFC FMP (1,181 days) INF179KB16C4 (unit of ₹ 10 each)	-	-	30,00,000.00	378.56
HDFC corporate bond fund - direct plan - growth option INF179K01XD8M (unit of ₹ 24.98 each)	36,03,011.49	954.13	36,03,011.49	907.36
AXIS Banking & PSU Debt Fund-Direct Growth (unit of ₹ 2083.03 each)	12,001.77	262.49	12,001.77	251.77
AXIS Short Term Fund-Direct Plan-Growth (unit of ₹ 25.22 each)	11,89,680.20	317.44	11,89,680.20	302.20
AXIS Banking & PSU Debt Fund-Direct Growth (unit of ₹ 2080.51 each)	24,032.54	525.60	24,032.54	504.15
ICICI P9230 FMP 82 (1,219 days) plan D DP cumulative (unit of ₹ 10 each)	-	-	20,00,000.00	253.54
ICICI P9233 FMP 82 (1,223 days) plan E DP cumulative (unit of ₹ 10 each)	-	-	20,00,000.00	252.77
ICICI P9244 FMP 82 (1,215 days) plan H DP cumulative (unit of ₹ 10 each)	-	-	20,00,000.00	253.60
ICICI FMP 82 (1,141 days) plan Y DP cumulative (unit of ₹ 10 each)	-	-	30,00,000.00	376.36
ICICI Corporate Bond Fund - Direct plan - Growth Option (unit of ₹ 22.68 each)	8,81,887.34	216.82	8,81,887.34	207.30
ICICI Prudential Banking & PSU Debt Fund- Direct plan- Growth Option (unit of ₹ 24.76 each)	4,03,808.10	108.71	4,03,808.10	103.44
ICICI FMP P8078 Corporate Bond Fund Dp Growth (unit of ₹ 23.31 each)	17,16,144.15	421.94	17,16,144.15	403.41
ICICI FMP P8078 Corporate Bond Fund Dp Growth (unit of ₹ 23.33 each)	34,29,117.68	843.09	34,29,117.68	806.08
IDFC Corporate Bond Fund- Direct plan - Growth Option (unit of ₹ 14.82 each)	13,49,241.69	216.42	13,49,241.69	206.00
IDFC Banking & PSU Debt Fund-Direct Plan-Growth (unit of ₹ 18.02 each)	27,75,449.48	566.17	27,75,449.48	542.34
IDFC Bond Fund -Short term Plan (unit of ₹ 46.57 each)	10,73,651.00	526.05	10,73,651.00	503.14
IDFC Corporate Bond Fund- Direct plan - Growth Option (unit of ₹ 15.23 each)	36,10,490.54	579.13	36,10,490.54	551.24
IDFC Banking & PSU Debt Fund-Direct Plan-Growth (unit of ₹ 19.41 each)	15,45,199.00	315.21	15,45,199.00	301.94
IDFC Banking & PSU Debt Fund-Direct Plan-Growth (unit of ₹ 19.34 each)	25,84,972.29	527.31	25,84,972.29	505.12
IDFC Regular Savings Fund-Growth-(Direct Plan) (unit of ₹ 26.55 each)	11,29,857.22	318.96	11,29,857.22	299.50
IDFC Regular Savings Fund-Growth-(Direct Plan) (unit of ₹ 26.61 each)	15,03,429.88	424.42	15,03,429.88	398.53
IDFC Gilt 2027 Index Fund Direct Plan-Growth (unit of ₹ 10.00 each)	19,99,900.01	211.27	19,99,900.01	200.51
IDFC Corporate Bond Fund Direct Plan-Growth (unit of ₹ 15.13 each)	33,05,532.42	530.21	33,05,532.42	504.68
IDFC Bond Fund -Short term Plan-Growth-(Direct Plan) (unit of ₹ 46.45 each)	10,76,466.06	527.44	10,76,466.06	504.46
Kotak FMP series 216 direct growth INF174K015S7 (unit of ₹ 10 each)	30,00,000.00	410.02	30,00,000.00	382.79
Kotak FMP series 217 direct growth-INF174K018TP (unit of ₹ 10 each)	-	-	20,00,000.00	254.70
Kotak Corporate Bond Fund Direct Growth (unit of ₹ 2959.12 each)	10,138.14	317.62	10,138.14	302.58
Kotak Corporate Bond Fund Direct Growth (unit of ₹ 2958.67 each)	16,899.47	529.44	16,899.47	504.39
Kotak FMP series 219 direct growth INF174K015U3 (unit of ₹ 10 each)	-	-	20,00,000.00	251.47
SBI debt fund series C8 direct growth (unit of ₹ 10 each)	-	-	20,00,000.00	251.82
SBI Dynamic Bond Fund- Direct plan- Growth option (unit of ₹ 28.64 each)	3,49,170.16	105.70	3,49,170.16	101.98
SBI Corporate Bond Fund LD566G Direct Plan-Growth (unit of ₹ 12.20 each)	32,78,202.00	418.79	32,78,202.00	400.41
SBI Corporate Bond Fund LD566G Direct Plan-Growth (unit of ₹ 12.13 each)	74,19,569.37	947.87	74,19,569.37	906.24
UTI fixed term income fund series XXVIII-VI (1,190 days) (unit of ₹ 10 each)	-	-	20,00,000.00	252.23
UTI fixed term income fund series XXVIII-VIII (1,171 days) (unit of ₹ 10 each)	-	-	20,00,000.00	252.55
Birla Sun Life, FTP, Series PC- Direct Growth (unit of ₹ 10.00 each)	-	-	20,00,000.00	252.98
		<b>14,008.35</b>		<b>17,359.59</b>
Accrued interest on Bonds and Debentures		58.18		-
<b>Grand total</b>		<b>14,066.53</b>		<b>17,359.59</b>

Aggregate cost of quoted investments	12,700.00	16,100.00
Aggregate market value of quoted investments	14,008.35	17,359.59

**Notes:**

- Refer note 30 for information on assets pledged as security by the Group.
- Refer note 34 for disclosure of fair values in respect of financial assets measured at amortised cost.



	<u>As at</u> <u>31 March 2022</u>	<u>As at</u> <u>31 March 2021</u>
<b>8.2 Trade receivables</b>		
(Unsecured considered good, unless otherwise stated)		
Unsecured, considered good (refer note 38)	26,513.23	22,949.97
Unsecured, credit impaired	75.23	75.23
	<u>26,588.46</u>	<u>23,025.20</u>
Less: Provision for expected credit loss (credit impaired)	(75.23)	(75.23)
	<u>26,513.23</u>	<u>22,949.97</u>

#### Movement in the provision for expected credit loss

Balance at the beginning of the year	75.23	54.46
Add: Allowance provided during the year (refer note 26)	-	20.78
Balance at the end of the year	<u>75.23</u>	<u>75.23</u>

#### Notes:

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

#### Trade Receivables ageing schedule

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31 March 2022</b>							
(i) Undisputed Trade receivables — considered good	9,582.85	15,684.26	334.72	404.59	148.78	358.02	26,513.23
(ii) Undisputed Trade Receivables — considered doubtful						75.23	75.23
<b>Sub total</b>	<b>9,582.85</b>	<b>15,684.26</b>	<b>334.72</b>	<b>404.59</b>	<b>148.78</b>	<b>433.25</b>	<b>26,588.46</b>
Less: Allowance for expected credit losses (credit impaired)						75.23	75.23
<b>Total</b>	<b>9,582.85</b>	<b>15,684.26</b>	<b>334.72</b>	<b>404.59</b>	<b>148.78</b>	<b>358.02</b>	<b>26,513.23</b>
<b>As at 31 March 2021</b>							
(i) Undisputed Trade receivables — considered good	4,141.72	16,909.53	568.08	741.05	82.30	507.30	22,949.97
(ii) Undisputed Trade Receivables — considered doubtful			-	-	-	75.23	75.23
<b>Sub total</b>	<b>4,141.72</b>	<b>16,909.53</b>	<b>568.08</b>	<b>741.05</b>	<b>82.30</b>	<b>582.53</b>	<b>23,025.20</b>
Less: Allowance for expected credit losses (credit impaired)						75.23	75.23
<b>Total</b>	<b>4,141.72</b>	<b>16,909.53</b>	<b>568.08</b>	<b>741.05</b>	<b>82.30</b>	<b>507.30</b>	<b>22,949.97</b>

#### 8.3 Cash and cash equivalents

	<u>As at</u> <u>31 March 2022</u>	<u>As at</u> <u>31 March 2021</u>
Cash on hand	41.97	21.49
Balance with banks	0.51	22.97
	<u>42.48</u>	<u>44.46</u>

#### Note:

- i) Refer note 30 for information on assets pledged as security by the Group.

#### 8.4 Bank balances other than cash and cash equivalents

	<u>As at</u> <u>31 March 2022</u>	<u>As at</u> <u>31 March 2021</u>
Unpaid dividend account	20.96	16.61
Deposits with original maturity more than three months but remaining maturity of less than twelve months	7,039.21	4,024.41
	<u>7,060.17</u>	<u>4,041.02</u>

**Notes:**

i) Deposits with original maturity more than three months but remaining maturity of less than twelve months includes ₹ 146.05 lakhs (As at 31 March 2021 ₹ 23.10 Lakhs) taken from State Bank of India and ₹ 93.16 lakhs (as at 31 March 2021 ₹ 416.11 Lakhs) taken from Federal Bank are pledged against the utilisation of non fund based limits.

ii) Refer note 30 for information on assets pledged as security by the Group.

**8.5 Loans (current)**

(Unsecured considered good, unless otherwise stated)

	<u>As at</u> <u>31 March 2022</u>	<u>As at</u> <u>31 March 2021</u>
Loan to employees	41.78	43.00
	<b>41.78</b>	<b>43.00</b>

**Notes:**

i) Refer note 30 for information on assets pledged as security by the Group.

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

**8.6 Other financial assets**

(Unsecured considered good, unless otherwise stated)

	<u>As at</u> <u>31 March 2022</u>	<u>As at</u> <u>31 March 2021</u>
Interest accrued but not due on fixed deposits	180.31	189.37
Security deposits	10.03	15.37
Interest subsidy receivable	177.17	158.72
	<b>367.51</b>	<b>363.46</b>

**Notes:**

i) Refer note 30 for information on assets pledged as security by the Group.

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

**9 Other current assets**

Advances to suppliers\*

	<u>As at</u> <u>31 March 2022</u>	<u>As at</u> <u>31 March 2021</u>
-Others	1,777.04	1,439.32
-Related Parties	-	4.24
Prepaid expenses	102.16	105.53
Balances with statutory and government authorities [net of provision ₹ 168.46 lakhs (previous year ₹ 168.46 lakhs)]	1,869.22	1,290.37
Others recoverable	209.28	129.73
	<b>3,957.70</b>	<b>2,969.19</b>

**Note:**

i) Refer note 30 for information on assets pledged as security by the Group.

**10 Equity share capital****Authorised capital**

25,000,000 equity shares of ₹ 10 each (as at 31 March 2021: 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 2021: 20,732,064)

	2,073.21	2,073.21
	<b>2,073.21</b>	<b>2,073.21</b>

**Notes:**

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

	As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount	Number of shares	Amount
Balance at beginning and end of the year	2,07,32,064	2,073.21	2,07,32,064	2,073.21

ii) The Group 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 Group, holders of equity shares will be entitled to receive any of the remaining assets of the Group, 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 2022		As at 31 March 2021	
	Number of shares	% of shareholding	Number of shares	% of shareholding
Girnar Investments Limited	66,44,656	32.05	66,44,656	32.05
Nagdevi Trading and Investment Company Limited #	50,07,192	24.16	-	-
Simran and Shanaya Company Limited #	-	-	44,04,000	21.24
Nahar Capital and Financial Services Limited	16,51,215	7.96	16,51,215	7.96
	<b>1,33,03,063</b>	<b>64.17</b>	<b>1,26,99,871</b>	<b>61.25</b>

#Simran and Shanaya Company Limited has been merged into Nagdevi Trading and Investment Company Limited, as per scheme of Merger and Amalgamation as approved by the Regional Director, Ministry of Corporate Affairs, New Delhi w.e.f. 09 June 2021.

### iv) Details of promoters' shareholding

	As on 31 March 2022			As on 31 March 2021		
	No of shares	% holding	% change during the year	No of shares	% holding	% change during the year
Tanvi Oswal	500	0%	0%	500	0%	0%
Jawahar Lal Oswal	1,15,059	1%	0%	1,20,059	1%	0%
Kamal Oswal	1,000	0%	0%	1,000	0%	0%
Dinesh Oswal	1,000	0%	0%	1,000	0%	0%
Abhilash Oswal	1,02,583	1%	0%	1,07,583	1%	0%
Sambhav Oswal	500	0%	0%	500	0%	0%
Abhinav Oswal	500	0%	0%	500	0%	0%
Rishabh Oswal	10,500	0%	0%	500	0%	0%
Manisha Oswal	500	0%	0%	500	0%	0%
Ritu Oswal	500	0%	0%	500	0%	0%
Monica Oswal	5,15,837	2%	0%	5,15,837	2%	50%
Ruchika Oswal	5,15,838	2%	0%	5,15,838	2%	50%
Sanjana Oswal	500	0%	0%	500	0%	0%
Nahar Capital And Financial Services Ltd	16,51,215	8%	0%	16,51,215	8%	0%
Vanaik Investors Ltd.	4,09,273	2%	0%	4,09,273	2%	0%
Nagdevi Trading & Investment Co. Ltd.	50,07,192	24%	730%	6,03,192	3%	608%
Oswal Woolen Mills Ltd.	75,642	0%	0%	75,642	0%	0%
Atam Vallabh Financiers Ltd.	67,106	0%	0%	67,106	0%	0%
Vardhman Investments Ltd.	49,718	0%	0%	49,718	0%	0%
Girnar Investment Ltd	66,44,656	32%	0%	66,44,656	32%	14123%
Simran And Shanaya Company Limited	-	0%	-100%	44,04,000	21%	0%

iv) The Group has not issued any share pursuant to a contract without payment being received in cash in the current year and preceding five years. The Group has not issued any bonus shares in the current year and preceding five years.

## 11 Other equity

	As at 31 March 2022	As at 31 March 2021
<b>i) Capital reserves</b>		
Balance at the beginning and end of the year	0.01	0.01
<b>ii) Capital redemption reserve</b>		
Balance at the beginning and end of the year	100.00	100.00
<b>iii) Securities premium</b>		
Balance at the beginning and end of the year	7,469.76	7,469.76
<b>iv) General reserve</b>		
Balance at the beginning and end of the year	38,086.51	38,086.51
<b>v) Retained earnings</b>		
Balance at the beginning of the year	12,679.52	6,787.87
Add: Profit for the year	11,394.24	6,629.58
Add: Other comprehensive income for the year (net of tax)	39.09	298.84
Less: Dividend*#	(3,109.81)	(1,036.77)
<b>Balance at the end of the year</b>	<b>21,003.01</b>	<b>12,679.52</b>
<b>vi) Perpetual bonds through OCI</b>		
Net fair value loss on investment in perpetual bonds through OCI (net of tax)	(6.08)	-
<b>Total other equity (i+ii+iii+iv+v+vi)</b>	<b>66,653.24</b>	<b>58,335.80</b>

\* Board of Directors have recommended a final dividend of 200% (₹ 20 per equity share having face value of ₹ 10 each) as at 31 March 2022 (as at 31 March 2021: 150%), 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 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 Group 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 Group to be reinvested in its core business. This amount is available for distribution of dividends to its equity shareholders.

#### Perpetual bonds through OCI

This represents the cumulative gains and losses arising on the revaluation of debt instruments measured at fair value through other comprehensive income that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when such assets are disposed off and impairment losses on such instruments, if any.

	As at 31 March 2022	As at 31 March 2021
<b>12.1 Borrowings (non-current)</b>		
(Secured)		
Term loan from banks	1162.51	1,633.09
Less: current maturities (refer note 14.1)	330.00	460.40
	<b>832.51</b>	<b>1,172.69</b>

**Notes:**

i) Refer note 34 and 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

ii) Repayment terms and security disclosure for long-term borrowings (including current maturities) outstanding as at 31 March 2022 and 31 March 2021.

a) Term loan from State Bank of India amounting to nil (as at 31 March 2021: ₹ 771.53 lakhs) carrying interest rate of 1.50 % above six months marginal cost of lending rate (MCLR), present effective rate 8.45% p.a is repaid on 16 March 2022.

b) Term loan from State Bank of India amounting to nil (as at 31 March 2021: ₹ 861.56 lakhs) carrying interest rate of 1.50 % above six months marginal cost of lending rate (MCLR), present effective rate 8.45% p.a is repaid on 16 March 2022.

c) Term loan from The Federal Bank Limited amounting to ₹ 1,162.51 lakhs (as at 31 March 2021: nil) carrying interest rate of 3.75% above repo rate, present effective rate 7.75% p.a , is repayable in 14 quarterly instalments of ₹ 82.50 lakhs each with last instalment payable on 12 December 2025.

As at 31 March 2022, above loans are secured by primary charge on machinery being procured, with Second pari-passu charge on factory land held in the name of the Company.

	As at 31 March 2022	As at 31 March 2021
<b>12.2 Lease liabilities (non-current)</b>		
Lease liabilities	7,412.97	7,195.32
	<b>7,412.97</b>	<b>7,195.32</b>

**Notes:**

i) Refer note 34 and 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

	As at 31 March 2022	As at 31 March 2021
<b>12.3 Other financial liabilities (non-current)</b>		
Security deposits from customers	2,294.80	1,861.86
	<b>2,294.80</b>	<b>1,861.86</b>

**Note:**

i) Refer note 34 and 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

	As at 31 March 2022	As at 31 March 2021
<b>13 Other non-current liabilities</b>		
Deferred income-government grant	266.77	103.27
	<b>266.77</b>	<b>103.27</b>

## 14.1 Borrowings (current)

### (Secured)

	As at 31 March 2022	As at 31 March 2021
Working capital loans and overdraft borrowings from banks	5,679.89	1,847.68
Add: current maturities of long term borrowings (refer note 12.1)	330.00	460.40
	<b>6,009.89</b>	<b>2,308.08</b>

### Notes:

- i) Refer note 34 and 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.
- ii) Terms of repayment, rate of interest and details of security for short-term borrowings outstanding as at 31 March 2022 & 31 March 2021: Cash credit facilities (repayable on demand), working capital demand loan (repayable on respective due dates) are secured by first pari passu charge on all the present and future current assets of the Company.

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 as follows:

- (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).

These facilities carry interest rate ranging from 4.50% p.a. to 6.90% p.a. . (previous year: from 6.50% p.a. to 7.70% p.a.).

### iii) Reconciliation of liabilities arising from financing activities:

	Lease liabilities	Long-term borrowings (including current maturities)*	Short-term borrowings	Total
<b>As at 1 April 2020</b>	<b>8,038.56</b>	<b>2,091.14</b>	<b>1,544.47</b>	<b>11,674.16</b>
<b>Cash flows:</b>				
Repayment of borrowings	-	(458.06)	303.21	(154.85)
Payment of lease liabilities	(1,871.03)	-	-	(1,871.03)
<b>Non-cash:</b>				
Additions on account of new leases during the year (net)	918.05	-	-	918.05
Reclassification on account of new leases during the year [interest expense]	692.24	-	-	692.24
Rent concessions	574.51	-	-	574.51
<b>As at 1 April 2021</b>	<b>8,352.33</b>	<b>1,633.09</b>	<b>1,847.68</b>	<b>11,833.08</b>
<b>Cash flows:</b>				
Proceeds from borrowings	-	1,162.50	-	1,162.50
Repayment of borrowings	-	(1,637.18)	3,832.22	2,195.04
Payment of lease liabilities	(1,662.30)	-	-	(1,662.30)
<b>Non-cash:</b>				

Additions on account of new leases during the year (net)	1,651.68	-	-	<b>1,651.68</b>
Reclassification on account of new leases during the year [interest expense]	770.53	-	-	<b>770.53</b>
Rent concessions	(384.61)	-	-	<b>(384.61)</b>
Impact of other borrowing costs	-	4.10	-	<b>4.10</b>
<b>As at 31 March 2022</b>	<b>8,727.63</b>	<b>1,162.51</b>	<b>5,679.90</b>	<b>15,570.02</b>

iv) The Company has borrowings from banks on the basis of security of current assets and quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.

## 14.2 Trade payables

	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises; and (refer note 33); and	23.68	147.62
Total outstanding dues of creditors other than micro enterprises and small enterprises*	14,748.26	13,724.07
	<b>14,771.94</b>	<b>13,871.69</b>
*Includes amounts due to entities in which directors of the Group are able to exercise control or have significant influence (refer note 38)	2,049.63	1,746.69

### Note:

i) Refer note 34 and 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

### Ageing of trade payables

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 year	2-3 year	More than 3 years	
<b>As at 31 March 2022</b>						
(i) Micro enterprises and small enterprises	-	23.68	-	-	-	23.68
(ii) Others	8,857.91	5,630.78	82.28	62.50	114.79	14,748.27
<b>Total</b>	<b>8,857.91</b>	<b>5,654.46</b>	<b>82.28</b>	<b>62.50</b>	<b>114.79</b>	<b>14,771.95</b>
<b>As at 31 March 2021</b>						
(i) Micro enterprises and small enterprises	-	147.62	-	-	-	147.62
(ii) Others	8269.36	4899.10	420.82	134.79	-	13,724.07
<b>Total</b>	<b>8,269.36</b>	<b>5,046.72</b>	<b>420.82</b>	<b>134.79</b>	<b>-</b>	<b>13,871.69</b>

\* includes dues recognised on account of provisions at the year end

## 14.3 Lease liabilities (current)

	As at 31 March 2022	As at 31 March 2021
Lease liabilities	1,314.66	1,157.01
	<b>1,314.66</b>	<b>1,157.01</b>

### Note:

i). Refer note 40 for information related to lease liabilities

ii). Refer note 34 & 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles

	<u>As at 31 March 2022</u>	<u>As at 31 March 2021</u>
<b>14.4 Other financial liabilities</b>		
Interest accrued and due on borrowings	-	11.63
Creditors for capital goods	401.01	4.67
Security deposits from customers	378.09	261.21
Unpaid dividend [refer note (i) below]	20.96	16.61
Refund liability	5,628.98	3,347.63
Employee related payables*	818.88	632.07
	<u>7,247.92</u>	<u>4,273.82</u>
*Includes amounts due to key management personnel (refer note 38)	450.50	262.42
<b>Notes:</b>		
i) There are no amounts due for payment to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013 as at the year end.		
ii) Refer note 34 and 35 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.		
<b>15 Other current liabilities</b>	<u>As at 31 March 2022</u>	<u>As at 31 March 2021</u>
Advances from customers*	1,064.12	846.67
Statutory dues	353.43	291.21
Deferred income-government grants	29.75	13.88
Others	6.80	5.42
	<u>1,454.10</u>	<u>1,157.18</u>
*Includes amounts due to entities in which directors of the Group are able to exercise control or have significant influence (refer note 38)	-	0.01
<b>16 Provisions (current)</b>	<u>As at 31 March 2022</u>	<u>As at 31 March 2021</u>
Provision for discount*	666.06	88.38
	<u>666.06</u>	<u>88.38</u>
<b>*Movement in provisions</b>		<b>Provision for discount</b>
<b>Balance as at 1 April 2020</b>		<b>123.33</b>
Add: Provision recognised during the year		88.38
Less: Provision utilised during the year		(123.33)
Balance as at 31 March 2021		<u>88.38</u>
<b>Balance as at 1 April 2021</b>		<b>88.38</b>
Add: Provision recognised during the year		666.06
Less: Provision utilised during the year		(88.38)
<b>Balance as at 31 March 2022</b>		<u><b>666.06</b></u>



	As at 31 March 2022	As at 31 March 2021
<b>17 Current tax liabilities (net)</b>		
Provision for income tax (net of advance tax and taxes deducted at source & taxes collected at source)	1,177.11	61.76
	<u>1,177.11</u>	<u>61.76</u>
	<b>For the year ended 31 March 2022</b>	<b>For the year ended 31 March 2021</b>
<b>18 Revenue from operations</b>		
<b>Sale of products (refer notes below)</b>		
Export	52.16	32.24
Domestic	90,241.36	62,087.76
	<u>90,293.52</u>	<u>62,120.00</u>
<b>Other operating revenue</b>		
Insurance recovered from customers	108.97	67.85
Government grants	29.71	13.88
	<u>90,432.20</u>	<u>62,201.73</u>

**Note:**

Refer note 39 for reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price.

<b>19 Other Income</b>	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Interest income</b>		
from banks	280.58	293.07
others	327.19	241.18
Profit on sale of investments measured at FVTPL	138.40	-
<b>Other non- operating income</b>		
Net Gain on Foreign Currency Transaction	92.01	2.23
Profit on derecognition of lease Contract	203.61	26.48
Interest on income Tax refund	-	73.57
Rent Concession	384.61	548.03
Fair valuation of investment measured at FVTPL	674.04	529.69
CST/VAT refund	72.43	88.11
Miscellaneous	375.82	214.71
	<u>2,548.69</u>	<u>2,017.07</u>

<b>20 Cost of materials consumed</b>	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening stock of raw materials	2,919.24	3,056.06
Add: Purchases of raw materials during the year	23,530.05	14,757.62
	<u>26,449.29</u>	<u>17,813.68</u>
Less: Closing stock of raw materials	3,453.08	2,919.24
	<u>22,996.21</u>	<u>14,894.44</u>

<b>21 Purchases of stock-in-trade</b>	For the year ended 31 March 2022	For the year ended 31 March 2021
Purchases of stock-in-trade	31,740.63	16,894.58
	<u>31,740.63</u>	<u>16,894.58</u>

## 22 Changes in inventories of finished goods, work-in-process and traded goods

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Opening stock</b>		
Finished goods	6,416.15	5,653.97
Stock in trade (in respect of goods acquired for trading)	7,222.22	8,617.85
Right to recover returned goods	2,281.58	2,732.73
Work-in-process	633.86	859.21
	<b>16,553.81</b>	<b>17,863.76</b>
<b>Closing stock</b>		
Finished goods	13,264.88	6,416.15
Stock in trade (in respect of goods acquired for trading)	6,549.64	7,222.22
Right to recover returned goods	3,669.53	2,281.58
Work-in-process	1,026.29	633.86
	24,510.34	16,553.81
	(7,956.53)	1,309.95
	<b>16,553.81</b>	<b>17,863.76</b>
	<b>8,117.70</b>	<b>5,988.56</b>

## 23 Employee benefit expense

	For the year ended 31 March 2022	For the year ended 31 March 2021
Salary, wages and bonus	7,208.86	5,188.97
Contribution to provident and other funds (refer note 31)	669.63	620.98
Staff welfare expenses	239.21	178.61
	<b>8,117.70</b>	<b>5,988.56</b>

## 24 Finance costs

### At amortised cost

#### Interest expense

to banks	538.97	436.32
others*	1,025.39	912.85
Other borrowings cost	4.11	1.87
	<b>1,568.47</b>	<b>1,351.04</b>

\*Includes finance cost on lease liability amounting to ₹ 770.52 lakhs for the year ended 31 March 2022 (for the year ended 31 March 2021: ₹ 692.24 lakhs).

## 25 Depreciation and amortisation expense

Depreciation on property, plant and equipment (refer note 2.1)	2,049.71	1,948.27
Amortisation on intangible assets (refer note 4)	20.77	32.24
Amortisation on leasehold land (refer note 2.1)	0.18	0.18
Depreciation on Right-of-use asset (refer note 2.2)	1,654.63	1,439.34
	<b>3,725.29</b>	<b>3,420.03</b>

## 26 Other expenses

Power and fuel	655.67	499.02
Consumption of stores and spares parts	5,288.88	3,595.71
Rent	390.40	310.49
<b>Repairs to</b>		
building	209.16	56.49
machinery	172.78	106.69
others	799.26	409.82

Insurance	169.59	123.14
Legal and professional expenses [refer note (i) below]	149.61	111.25
Rates and taxes	26.17	29.51
Travelling and conveyance	287.97	129.75
Processing charges	1,654.71	1,144.26
Commission on sale	2,464.72	1,465.97
Freight and forwarding expenses	1,654.21	1,132.73
Advertisement expenses	2,409.15	1,100.15
Amounts written off	29.37	271.01
Net loss on foreign currency transaction	29.16	-
Provision for credit impaired receivables	-	20.78
Communication expenses	31.57	35.63
Corporate social responsibility expenses (refer note 32)	180.42	179.61
Loss on sale of property, plant and equipment (net)	183.75	8.04
Loss on sale of investments (net)	-	3.36
Provision for balances with statutory and government authorities	-	168.46
Miscellaneous expenses	754.44	656.26
	<b>17,540.98</b>	<b>11,558.13</b>

	<b>For the year ended</b>	<b>For the year ended</b>
	<b>31 March 2022</b>	<b>31 March 2021</b>

**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	2.23	1.06
	<b>35.88</b>	<b>34.71</b>

	<b>For the year ended</b>	<b>For the year ended</b>
	<b>31 March 2022</b>	<b>31 March 2021</b>

**27 Income tax expense (refer notes below)**

Tax expense recognized in the statement of profit and loss

**Current tax**

Current tax expense	4,244.03	2,393.68
<b>Total current tax expense</b>	<b>4,244.03</b>	<b>2,393.68</b>

**Deferred tax**

Deferred tax (income)/expense	(390.11)	(221.19)
<b>Total deferred tax (income)/expense</b>	<b>(390.11)</b>	<b>(221.19)</b>

<b>Total income tax expense</b>	<b>3,853.92</b>	<b>2,172.49</b>
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**Notes:**

**i) Reconciliation of tax liability on book profit vis-à-vis actual tax liability**

Accounting profit before income tax	15,248.14	8802.07
Enacted tax rate	25.17%	25.17%
Current tax expenses on profit before tax at the enacted income tax rate in India	3,837.65	2215.30
Non-deductible differences	68.39	49.92
Tax on income at different rates	(161.49)	(200.52)
Other adjustments	109.37	107.79
<b>Income tax expense reported in the statement of profit and loss</b>	<b>3,853.92</b>	<b>2172.49</b>

**ii) The movement in deferred tax assets and liabilities during the year ended 31 March 2021 and 31 March 2022**

Particulars	01 April 2021	Recognised in other comprehensive income	Recognised in statement of profit and loss	31 March 2022
<b>Deferred tax asset arising on account of :</b>				
Property, plant and equipment and intangible assets	341.55	-	84.88	426.43
Refund liabilities (net of right to receive goods)	268.30	-	224.85	493.15
Provision for discount	22.24	-	145.39	167.63
Employee benefits	160.47	(13.15)	(104.45)	42.87
Fair valuation of investments	83.05	2.04	14.79	99.88
Other items	36.68	-	24.65	61.33
<b>Deferred tax asset (net)</b>	<b>912.29</b>	<b>(11.11)</b>	<b>390.11</b>	<b>1,291.29</b>

Particulars	01 April 2020	Recognised in other comprehensive income	Recognised in statement of profit and loss	31 March 2021
<b>Deferred tax asset arising on account of :</b>				
Property, plant and equipment and intangible assets	289.92	-	51.63	341.55
Refund liabilities (net of right to receive goods)	293.36	-	(25.06)	268.30
Provision for discount	31.06	-	(8.82)	22.24
Employee benefits	163.08	100.51	97.90	160.47
Fair valuation of investments	(42.16)	-	125.21	83.05
Other items	56.35	-	(19.67)	36.68
<b>Deferred tax asset (net)</b>	<b>791.61</b>	<b>100.51</b>	<b>221.19</b>	<b>912.29</b>

The Group 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.

## 28 Capital commitments

	As at 31 March 2022	As at 31 March 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits)	2,733.90	10.11

## 29 Earnings per share (Ind AS 33)

The Group's earnings per share ('EPS') is determined based on the net profit attributable to the shareholders' of the Group. 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 2022	For the year ended 31 March 2021
<b>Earnings per share:</b>		
Profit attributable to the equity shareholders (A)	11,394.22	6,629.58
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	54.96	31.98
Diluted	54.96	31.98
Face value per equity share (₹)	10.00	10.00

### 30 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:	As at 31 March 2022	As at 31 March 2021
<b>Current assets</b>		
<b>Financial assets</b>		
Floating charge		
Investments	14,066.53	17,359.59
Trade receivables	26,513.23	22,949.97
Cash and cash equivalents	42.48	44.46
Other bank balances not considered as cash and cash equivalents	7,060.17	4,041.02
Loans	41.78	43.00
Other financial asset	367.51	363.46
<b>Non financial assets</b>		
Floating charge		
Inventories	28,908.34	20,153.92
Other current assets	3,957.70	2,969.19
<b>Total current assets pledged as security</b>	<b>80,957.74</b>	<b>67,924.61</b>
<b>Non-current assets</b>		
<b>Financial assets</b>		
First charge		
Investment	2,690.88	392.41
Other financial assets	3,464.63	1,582.32
<b>Non financial assets</b>		
First charge		
Property, plant and equipment	15,321.53	14,926.87
Capital work-in-progress	127.43	-
<b>Total non-current assets pledged as security</b>	<b>21,604.47</b>	<b>16,901.60</b>

### 31 Employee Benefits

#### a) Defined contribution plan

The Group makes contribution towards employee's provident fund, employee's state insurance and labour welfare fund schemes. The Group has recognised ₹ 512.35 lakhs (for the year ended 31 March 2021: ₹ 398.67 lakhs) as contributions towards these schemes.

#### b) Defined benefit plan

The Group 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 Group makes contributions to recognised funds in India.

	As at 31 March 2022	As at 31 March 2021
<b>(i) Changes in defined benefit obligation</b>		
Present value obligation as at the beginning of the year	1,364.83	1,609.04
Interest cost	99.77	112.20
Current service cost	148.16	198.90
Actuarial loss/(gain) - experience changes	1.21	(184.15)
Actuarial gain - financial assumption	(74.26)	(215.20)

Benefits paid	(86.08)	(155.96)
<b>Present value obligation as at the end of the year</b>	<b>1,453.63</b>	<b>1,364.83</b>
<b>(ii) Change in fair value of plan assets</b>		
Fair value of plan assets as at the beginning of the year	1,438.38	1,313.39
Interest income on plan assets	101.98	88.79
Employer contributions	150.00	192.16
Actuarial Gain/(Losses)	(20.81)	-
Benefits paid	(86.08)	(155.96)
<b>Fair value of plan assets as at the end of the year</b>	<b>1,583.47</b>	<b>1,438.38</b>
<b>(iii) Breakup of actuarial (gain):</b>		
Actuarial loss - financial assumption	(74.26)	(215.20)
Actuarial loss/(gain) - experience changes	1.21	(184.15)
Actuarial loss on plan assets	20.81	-
	<b>(52.24)</b>	<b>(399.35)</b>
<b>(iv) Net liability recognised in the balance sheet</b>		
Present value obligation as at the end of the year	(1,453.63)	(1,364.83)
Fair value of plan assets as at the end of the year	1,583.47	1,438.38
<b>Net asset in the balance sheet</b>	<b>129.84</b>	<b>73.55</b>
<b>(v) Current/non-current bifurcation</b>		
Current benefit obligation	-	-
Non-current benefit obligation	129.84	73.55
<b>Asset recognised in the balance sheet</b>	<b>129.84</b>	<b>73.55</b>
<b>(vi) Amount recognized in the statement of profit and loss</b>		
Current service cost	148.16	198.90
Interest cost	99.77	112.20
Interest income on plan assets	(101.98)	(88.79)
<b>Expense recognised in the statement of profit and loss</b>	<b>145.95</b>	<b>222.31</b>
<b>(vii) Remeasurements recognised in the statement of other comprehensive income</b>		
Changes in financial assumptions	(74.26)	(215.20)
Experience adjustments	1.21	(184.15)
Actuarial loss on plan assets	20.81	-
<b>Amount recognised in other comprehensive income</b>	<b>52.24</b>	<b>399.35</b>
<b>(viii) Actuarial assumptions</b>		
Discount rate (p.a.)	7.50%	7.09%
Salary escalation rate (p.a.)	8.00%	8.00%
Expected return on plan assets	7.50%	7.09%
Employee turnover rate	2.00%	2.00%
Retirement age	62 years	62 years
Mortality rate	Indian Assured Lives Mortality (2012-14) (modified) Ultimate	Indian Assured Lives Mortality (2012-14) (modified) Ultimate

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

**(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**

	As at 31 March 2022	As at 31 March 2021
<b>Impact of the change in discount rate (p.a)</b>		
Impact due to decrease of 0.50%	91.32	246.05
Impact due to increase of 0.50%	(83.39)	(232.62)
<b>Impact of change in salary escalation rate (p.a)</b>		
Impact due to increase of 0.50%	67.05	209.08
Impact due to decrease of 0.50%	(66.39)	(199.12)
	As at 31 March 2022	As at 31 March 2021

**(x) Expected future cash flows**

The expected future cash flows in respect of gratuity as at 31 March 2022 are as follows:

**The followings are the expected future benefit payments for the defined benefit plan**

Upto 1 year	81.23	65.72
1-2 years	48.60	53.96
2-3 years	60.27	58.02
3-4 years	77.45	57.86
4-5 years	82.43	84.46
Above 5 years	465.55	421.90

**(xi) Category of plan assets**

LIC of India - Group Gratuity Cash Accumulation Fund	92.98%	98.61%
Kotak Gratuity Group Plan (UIN - 107L010V07)	7.02%	1.39%

**(xii) Expected contribution**

The expected future employer contributions for defined benefit plan is ₹ 78.34 lakhs (for the year ended 31 March 2021: ₹ 74.61 lakhs).

**32 Corporate Social Responsibility**

The Company for its Corporate Social Responsibility ("CSR") has collaborated 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 ₹ 180.42 lakhs (Previous year: ₹ 179.61 lakhs) towards CSR activities.

In accordance with the provisions of section 135 of the Companies Act 2013, the Board of Directors of the Group had constituted a Corporate Social Responsibility (CSR) committee and disclosures towards CSR activities are as follows:

	For the year ended 31 March 2022	For the year ended 31 March 2021
(a) Gross amount required to be spent by the Group as per section 135 of the Act.	180.42	179.61
(b) Amount spent during the year on:		
paid in cash/cash equivalents*	180.42	179.61
yet to be paid	-	-
(c) Shortfall at the end of year	-	-

(d) Nature of CSR activities	Preventive Healthcare, eradicating poverty and others	Preventive Healthcare, eradicating poverty and others
*Including contribution with Oswal Foundation (refer note 38)	175.75	179.61
Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purpose other than above	180.42	179.61

### 33 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 Group, the following are the details:

Particulars	As at 31 March 2022	As at 31 March 2021
Principal amount due to suppliers under MSMED Act, 2006	18.42	73.84
Interest accrued and due to suppliers under MSMED Act, 2006 on above amount	5.26	18.68
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	5.26	73.77
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.	-	-

### 34 Fair value measurements

#### (a) Financial instruments by category

Particulars	31 March 2022			31 March 2021		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets (non-current)</b>						
Investments*	-	2,141.52	549.36	392.41	-	-
Other financial assets	-	-	3,464.63	-	-	1,582.32
<b>Financial assets (current)</b>						
Investments	14,008.35	58.18	-	17,359.59	-	-
Trade receivables	-	-	26,513.23	-	-	22,949.97
Cash and cash equivalents	-	-	42.48	-	-	44.46
Other bank balances	-	-	7,060.17	-	-	4,041.02
Loans	-	-	41.78	-	-	43.00
Other financial assets	-	-	367.51	-	-	363.46
<b>Total</b>	<b>14,008.35</b>	<b>2,199.70</b>	<b>38,039.16</b>	<b>17,752.00</b>	<b>-</b>	<b>29,024.23</b>
<b>Financial liabilities (non-current)</b>						
Borrowings	-	-	832.51	-	-	1,172.69
Lease liabilities	-	-	7,412.97	-	-	7,195.32
Other financial liabilities	-	-	2,294.80	-	-	1,861.86
<b>Financial liabilities (current)</b>						
Borrowings	-	-	6,009.89	-	-	2,308.08
Trade payables	-	-	14,771.94	-	-	13,871.69
Lease liabilities	-	-	1,314.66	-	-	1,157.01
Other financial liabilities	-	-	7,247.92	-	-	4,273.82
<b>Total</b>	<b>-</b>	<b>-</b>	<b>39,884.69</b>	<b>-</b>	<b>-</b>	<b>31,840.47</b>

\*Investments in subsidiaries are carried at cost as per Ind AS 27 – Separate financial statements and therefore, not presented here.



**(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 2022			31 March 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Investments at FVTPL	14,008.35	-	-	17,752.00	-	-
<b>Total financial assets</b>	<b>14,008.35</b>	-	-	<b>17,752.00</b>	-	-

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

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

(ii) The fair value of investments in quoted bonds is based on the current bid price of respective investment as at the balance sheet date.

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

Particulars	31 March 2022			31 March 2021		
	Level	Carrying Value	Fair Value	Level	Carrying Value	Fair Value
<b>Financial assets</b>						
Trade receivables	Level 3	26,513.23	26,513.23	Level 3	22,949.97	22,949.97
Cash and cash equivalents	Level 3	42.48	42.48	Level 3	44.46	44.46
Other bank balances	Level 3	7,060.17	7,060.17	Level 3	4,041.02	4,041.02
Loans	Level 3	41.78	41.78	Level 3	43.00	43.00
Other financial assets	Level 3	3,832.14	3,832.14	Level 3	1,945.78	1,945.78
<b>Total financial assets</b>		<b>37,489.80</b>	<b>37,489.80</b>		<b>29,024.23</b>	<b>29,024.23</b>
<b>Financial liabilities</b>						
Borrowings	Level 3	6,842.40	6,842.40	Level 3	3,480.77	3,480.77
Trade payables	Level 3	14,771.94	14,771.94	Level 3	13,871.69	13,871.69
Lease liabilities	Level 3	8,727.63	8,727.63	Level 3	8,352.33	8,352.33
Other financial liabilities	Level 3	9,542.72	9,542.72	Level 3	6,135.68	6,135.68
<b>Total financial liabilities</b>		<b>39,884.69</b>	<b>39,884.69</b>		<b>31,840.47</b>	<b>31,840.47</b>

**Level 1 :** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2 :** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

**Level 3 :** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in Level 3.

**c) 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 investments, 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 Group'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 Group 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 Group's creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Group. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

### 35 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's financial assets include investments, trade and other receivables and cash & cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. This financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Group'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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group carries borrowings primarily at variable rate.

	As at 31 March 2022	As at 31 March 2021
Variable rate borrowings	6,842.40	3,480.77
Fixed rate borrowings	-	-
<b>Total borrowings</b>	<b>6,842.40</b>	<b>3,480.77</b>

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variable held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	As at 31 March 2022	As at 31 March 2021
50 bps decrease would increase the profit before tax by	34.21	17.40
50 bps increase would decrease the profit before tax by	(34.21)	(17.40)

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

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

(foreign currency in lakhs)

<b>Trade payables</b>		
USD	0.07	0.03
JPY	468.86	-

**Total exposure**

USD	0.07	0.03
JPY	468.86	-

**The following significant exchange rates as at year end spot rate:-**

USD 1	75.81	73.21
JPY 1	0.6223	0.6636

**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 Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
<b>USD Sensitivity</b>		
5% decrease would decrease the profit before tax by	0.25	0.11
5% increase would increase the profit before tax by	(0.25)	(0.11)
<b>JPY Sensitivity</b>		
5% decrease would decrease the profit before tax by	14.59	-
5% increase would increase the profit before tax by	(14.59)	-

**c) Market risk- Price risks**

The Group's exposure to equity securities price risk arises from investments in mutual funds held by the Group 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 Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

**Price sensitivity****Investment in mutual funds**

500 bps in NAV (net asset value) increase would increase the profit before tax by	700.42	867.98
500 bps in NAV (net asset value) decrease would decrease the profit before tax by	(700.42)	(867.98)

**(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 Group's exposure to credit risk is influenced mainly by investments in bonds, cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

**(a) Credit risk management**

The Group 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 Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk on financial reporting date

(ii) Moderate credit risk

(iii) High credit risk

**The Group provides for expected credit loss based on the following:**

<b>Asset group</b>	<b>Basis of categorisation</b>	<b>Provision for expected credit loss</b>
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	Investments in bonds	Life time expected credit loss or 12 month expected credit loss
High credit risk	Other financial assets	Life time expected credit loss fully provided

<b>Financial assets that expose the entity to credit risk</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
<b>Low credit risk on reporting date</b>		
Cash and cash equivalents	42.48	44.46
Other bank balances	7,060.17	4,041.02
Trade receivables	26,513.23	22,949.97
Investments	14,008.35	17,752.00
Loans	41.78	43.00
Other financial asset	3,832.14	1,945.78
<b>Medium credit risk on reporting date</b>		
Investments	2,690.88	-

**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 Group 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 Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due.

<b>Gross carrying amount of trade receivables</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
More than six months past due*	1321.35	1,898.72
Less than six months past due	25267.11	21,126.48
<b>Total</b>	<b>26,588.46</b>	<b>23,025.20</b>

\*Excluding provision for expected credit loss amounting to ₹ 75.23 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 Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt and overdraft from domestic banks at an optimised cost. It also enjoys strong access to domestic capital markets across equity.

**(a) Financing arrangements**

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

	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
<b>Floating rate</b>		
<b>Expiring within one year (cash credit and other facilities)</b>		
<b>Secured</b>		
Cash credit facilities	9,820.11	1,073.10
Overdraft facility	20,000.00	1,871.18

The table below summaries the maturity profile of the Group's financial liabilities based on contractual undiscounted payments -

Particulars	0-1 Years	1 to 2 years	2 to 5 years	More than 5 years	Total
<b>Year ended 31 March 2022</b>					
Contractual maturities of borrowings	6,078.90	377.02	530.96	-	6,986.88
Contractual maturities of other financial liabilities (non-current)	-	-	-	2,294.80	2,294.80
Contractual maturities of trade payables and other payables	14,771.95	-	-	-	14,771.95
Contractual maturities of other financial liabilities (current)	7,247.92	-	-	-	7,247.92
Contractual maturities of lease liabilities	2,515.80	2,416.09	5,624.81	2,631.19	13,187.89
<b>Total</b>	<b>30,614.57</b>	<b>2793.11</b>	<b>6,155.77</b>	<b>4,925.99</b>	<b>44,489.44</b>
<b>Year ended 31 March 2021</b>					
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	8,352.34
<b>Total</b>	<b>21,732.70</b>	<b>1,794.70</b>	<b>4,406.39</b>	<b>4,194.03</b>	<b>32,127.82</b>

### 36 Dividend distribution made and proposed

	As at 31 March 2022	As at 31 March 2021
<b>Equity shares</b>		
Final dividend for the year ended 31 March 2021 of ₹ 15 per share (for the year ended 31 March 2020: Rs. 5 per share)	3,109.81	1,036.77
	<b>3,109.81</b>	<b>1,036.77</b>

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

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 20 per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

### 37 Capital management

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

	As at 31 March 2022	As at 31 March 2021
Borrowings	6,842.40	3,480.77
Less: Cash and cash equivalents	42.48	44.46
Less: Other bank balances	7,060.17	4,041.02
<b>Net debt</b>	<b>(260.25)</b>	<b>(604.71)</b>
<b>Equity</b>	<b>68,726.45</b>	<b>60,409.01</b>
<b>Capital and net debt</b>	<b>68,466.20</b>	<b>59,804.31</b>
<b>Gearing ratio</b>	<b>-0.38%</b>	<b>-1.01%</b>

In order to achieve this overall objective, the Group'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 2022 and 31 March 2021.

### 38 Related party disclosure

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

Nature of relationship	Name of related party
<b>(i) Key management personnel</b>	Jawahar Lal Oswal (Chairman and Managing Director)
	Sandeep Jain (Executive Director)
	Monica Oswal (Executive Director)
	Ruchika Oswal (Executive Director)
	Rishabh Oswal (Executive Director)
	Dinesh Gogna (Director)
	Paurush Roy (Independent Director) (resigned w.e.f. 05 August 2021)
	Ajit Singh Chatha (Independent Director) (term completed as on 31 March 2022)
	Amrik Singh Sohi (Independent Director) (term completed as on 31 March 2022)
	Suresh Kumar Singla (Independent Director)
	Manisha Gupta (Independent Director)
	Alok Kumar Misra (Independent Director)
	Roshan Lal Behl (appointed w.e.f. 05 August 2021)
	Manikant Prasad Singh (appointed w.e.f. 01 February 2022)
	Parvinder Singh Pruthi (appointed w.e.f. 01 February 2022)
Raj Kapoor Sharma (Chief Financial Officer)	
Ankur Gauba (Company Secretary)	
<b>(ii) Enterprises over which key management personnel and their relatives are able to exercise significant influence (with whom transaction have taken place)</b>	Cotton County Retail Limited
	Nahar Industrial Enterprises Limited
	Nahar Spinning Mills Limited
	Oswal Woollen Mills Limited
	Oswal Foundation
	Mohan Dai Oswal Cancer Treatment & Research Foundation
<b>(ii) Enterprises having significant influence on the Group</b>	Generation Next Tech Apps Private Limited
	Hyperyno Lifestyle Private Limited
	Girnar Investments Limited
	Sidhant and Mannat Company Limited
	Nagdevi Trading and Investment Company Limited
	Simran and Shanaya Company Limited

**(b) Disclosure of transactions between the Group and related parties and the status of outstanding balances:**

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>(i) Transactions - enterprises over which key management personnel and their relative are able to exercise significant influence</b>		
<b>Sale of goods</b>		
Nahar Spinning Mills Limited	578.73	748.23
Nahar Industrial Enterprises Limited	5.60	2.39
Oswal Woollen Mills Limited	55.75	45.42
Mohan Dai Oswal Cancer Treatment & Research Foundation	18.70	15.79
<b>Sales returns</b>		
Oswal Woollen Mills Limited	0.84	0.03
Nahar Spinning Mills Limited	0.03	22.07
Nahar Industrial Enterprises Limited	1.83	0.22
Mohan Dai Oswal Cancer Treatment & Research Foundation	2.97	-
Cotton County Retail Limited	-	6.54
<b>Purchase of goods</b>		
Nahar Spinning Mills Limited	3,754.69	2,618.77
Nahar Industrial Enterprises Limited	440.81	313.38
Cotton County Retail Limited	-	0.08
Oswal Woollen Mills Limited	5,579.08	4,972.62
<b>Purchase of property, plant and equipment</b>		
Nahar Industrial Enterprises Limited	-	1.50
Cotton County Retail Limited	6.44	0.59
Oswal Woollen Mills Limited	-	3.67
Nahar Spinning Mills Limited	-	0.18
<b>Purchase return</b>		
Oswal Woollen Mills Limited	0.90	-
Nahar Industrial Enterprises Limited	3.88	2.42
<b>Rent paid</b>		
Nahar Spinning Mills Limited	63.14	67.62
Nahar Industrial Enterprises Limited	132.65	10.80
Oswal Woollen Mills Limited	145.40	152.11
<b>Processing charges paid</b>		
Nahar Spinning Mills Limited	213.17	76.59
Oswal Woollen Mills Limited	42.93	2.04
Nahar Industrial Enterprises Limited	1.34	-
<b>Reimbursement of expenses paid</b>		
Nahar Industrial Enterprises Limited	112.98	107.27
Nahar Spinning Mills Limited	35.38	123.40
Oswal Woollen Mills Limited	108.61	118.66
Mohan Dai Oswal Cancer Treatment & Research Foundation	2.26	1.50
<b>Reimbursement of expenses received</b>		
Nahar Industrial Enterprises Limited	-	0.12
Nahar Spinning Mills Limited	-	0.06

Oswal Woollen Mills Limited	42.41	15.81
Hyperyno Lifestyle Private Limited	1.35	-
Generation Next Tech Apps Private Limited	0.06	0.49
<b>Contribution made to the fund (CSR activities)</b>		
Oswal Foundation (refer note 32)	175.75	179.61

**(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 2022	For the year ended 31 March 2021
<b>Trade payables</b>		
Nahar Spinning Mills Limited	469.74	103.17
Nahar Industrial Enterprises Limited	148.30	57.76
Cotton County Retail Limited	-	0.70
Oswal Woollen Mills Limited	1,431.59	1,585.06
<b>Trade receivable</b>		
Nahar Industrial Enterprises Limited	-	0.50
Mohan Dai Oswal Cancer Treatment & Research Foundation	0.54	0.92
Oswal Woollen Mills Limited	-	5.81
Nahar Spinning Mills Limited	-	1.91

**(c) Disclosure of transaction between the Group and key management personnel and the status of outstanding balances:**

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>(i) Transactions - key management personnel</b>		
<b>Remuneration to KMPs</b>		
Director sitting fee	6.25	5.25
Employee benefits*	35.59	26.25
Managerial remuneration*	1,197.67	687.29
<b>*Name of KMP</b>		
Jawahar Lal Oswal	655.99	173.24
Sandeep Jain	213.06	200.38
Monica Oswal	95.59	95.43
Ruchika Oswal	95.60	95.53
Rishabh Oswal	137.44	122.71
Raj Kapoor Sharma	25.42	18.82
Ankur Gauba	10.17	7.43

**(ii) Year end balances - key management personnel**

	As at 31 March 2022	As at 31 March 2021
<b>Due to KMPs</b>		
Jawahar Lal Oswal	355.84	173.24
Sandeep Jain	36.48	34.20
Monica Oswal	15.39	15.39
Ruchika Oswal	15.39	15.39
Rishabh Oswal	23.66	21.03
Raj Kapoor Sharma	2.67	2.28
Ankur Gauba	1.08	0.89



### 39 Revenue from contracts with customers (Ind AS 115)

Ind AS 115 "Revenue from Contracts with Customers", establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

- i) Identify the contract(s) with customer;
- ii) Identify separate performance obligations in the contract;
- iii) Determine the transaction price;
- iv) Allocate the transaction price to the performance obligations; and
- v) Recognise revenue when a performance obligation is satisfied

The Group is in the business of manufacturing and trading of textile garments which are considered to be homogeneous products.

#### a) Disaggregation of revenue

The Group 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 2022	Sale of products	Other operating revenues	Total
<b>Revenue from operations</b>			
<b>Revenue by geography</b>			
Export	52.16	-	52.16
Domestic	90,241.36	138.68	90,380.04
<b>Total</b>	<b>90,293.52</b>	<b>138.68</b>	<b>90,432.20</b>
<b>Revenue by time</b>			
Revenue recognised at point in time			90,432.20
Revenue recognised over time			-
<b>Total</b>			<b>90,432.20</b>

As at 31 March 2021	Sale of products	Other operating revenues	Total
<b>Revenue from operations</b>			
<b>Revenue by geography</b>			
Export	32.24	-	32.24
Domestic	62,087.76	81.73	62,169.49
<b>Total</b>	<b>62,120.00</b>	<b>81.73</b>	<b>62,201.73</b>

<b>Revenue by time</b>			
Revenue recognised at point in time			62,201.73
Revenue recognised over time			-
<b>Total</b>			<b>62,201.73</b>

As at  
31 March 2022

As at  
31 March 2021

#### b) Reconciliation of revenue recognised in Statement of Profit and Loss with contract price

Gross sale of products	1,13,599.61	75,894.03
Less: Adjustment on account of returns	(13,940.38)	(7,367.09)
Less: Adjustment on account of discounts	(9,365.71)	(6,406.94)
	<b>90,293.52</b>	<b>62,120.00</b>

#### c) Assets and liabilities related to contracts with customers

Trade receivables (refer note 8.2)	26,513.23	22,949.97
Right to recover returned goods (refer note 7)	3,669.53	2,281.58
Advance from customers (refer note 15)	1,064.12	846.67
Refund liability (refer note 14.4)	5,628.98	3,347.63

#### 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	846.67	609.39
b. Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

## 40 Leases (Ind AS 116)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	As at 31 March 2022	As at 31 March 2021
<b>Opening Balance</b>	7,521.21	7,585.74
Additions during the year	3,229.72	1,400.96
Modifications during the year	(73.32)	-
De-recognition during the year	(1,301.11)	(26.14)
Depreciation Expenses for the year	(1,654.63)	(1,439.34)
<b>Balance at the end of the year</b>	<b>7,721.88</b>	<b>7,521.21</b>

Set out below are the carrying amounts of lease liabilities and the movements during the year:

<b>Opening Balance</b>	8,352.33	8,038.57
Additions	3,229.72	1,376.79
Finance Charge	770.52	692.24
Modifications	(74.55)	-
Derecognition	(1,503.49)	(28.44)
Repayment	(1,662.30)	(1,178.79)
Lease waivers	(384.61)	(548.03)
<b>Balance at the end of the year</b>	<b>8,727.63</b>	<b>8,352.33</b>
Current	1,314.66	1,157.01
Non-current	7,412.97	7,195.32

The effective interest rate for lease liabilities is 8.49% as on 31 March 2022

#### COVID-19-Related Rent Concessions:

The Ministry of Corporate Affairs vide notification dated 24 July 2020 and 18 June 2021 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 Group 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 Group 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 Group has applied the practical expedient by accounting the unconditional rent concessions in “Other income” in the Statement of Profit and Loss as under:

	<u>As at</u> <u>31 March 2022</u>	<u>As at</u> <u>31 March 2021</u>
Income on rent concessions	384.61	548.03

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	1,654.63	1,439.34
Interest expense on lease liabilities	770.52	692.24
Expense relating to short-term leases (included in other expenses)	390.40	310.49
Total amount recognised in profit or loss	<u>2,815.55</u>	<u>2,442.07</u>

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The following provides information on the Company's variable Lease payments including the magnitude in relation to fixed payments:

Variable rent with minimum payment	83.24	-
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The table below describes the nature of company's leasing activities by type of right-of-use asset recognised on Balance Sheet:

No of right of use assets leased	97 assets	85 assets
Range of remaining terms (in years)	1 to 9 years	1 to 9 years
No of leases with extention options	95 leases	83 leases
No of leases with termination options	97 leases	85 leases

#### 41 Segment information

The Group's primary business segment is reflected based on principal business activities carried on by the Group. Chairman and Managing Director has been identified as being the Chief Operating Decision Maker ('CODM') and evaluates the Group's performance and allocates resources based on analysis of the various performance indicators of the Group as a single unit. Therefore, there are no separate reportable business segments as per Ind AS 108 "Operating Segments". The Group 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 Group's products is seasonal.

**Entity wide disclosures:**

##### (a) Information about products and services

The Group's business operation comprises of single operating segment of manufacturing/trading of textile garment. Since the Group operates in one product line, therefore product wise revenue disclosure is not applicable.

##### (b) Information about geographical area

The Group's sales includes sales to customers which are domiciled in India and outside India. Below is the details of Group's revenue from customers domiciled in India and outside India:

	<u>As at</u> <u>31 March 2022</u>	<u>As at</u> <u>31 March 2021</u>
<b>Revenue from external customers</b>		
- domiciled outside India	52.16	32.24
- domiciled in India	90,241.36	62,087.76
	<u>90,293.52</u>	<u>62,120.00</u>

##### (c) Information about major customers

No single customer contributed 10% or more to Group's revenue.

#### 42 Note on COVID-19

In March 2020, World Health Organization (WHO) had declared the outbreak of Novel Coronavirus as a pandemic. Complying with the directives of Government, the plants and offices of the Company had been under lockdown for few months resulting thereto the operations for the previous year had been impacted. Post lockdown, the Company has gradually resumed its operations to normalcy. However, the recent second wave and third wave of Covid-19 has resulted in reimposition of partial lockdowns/ restrictions in various states but the same has not significantly impacted Company's performance.

The Company has taken into account all the possible impacts of COVID-19 in preparation of these financial results, including but not limited to its assessment of liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue and cost, impact on leases, and impact on investments. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these financial results and believes that the impact of COVID-19 is not material to these financial results and expects to recover the carrying amount of its assets.

### 43 Key Financial Ratios

Particulars	Numerator	Denominator	Year ended 31 March 2022	Year ended 31 March 2021	% Change	Reason for major variance
(i) Current Ratio	Current assets	Current Liabilities	2.48	2.96	-16%	Refer note (a)
(ii) Debt Equity Ratio	Total borrowings (current and non-current)	Total Equity	0.10	0.06	73%	Refer note (b)
(iii) Debt Service Coverage Ratio	Earning available for debt service *	Debt Service **	3.22	4.20	-23%	Refer note (a)
(iv) Return on Equity Ratio (%)	Profit after tax	Total Equity	16.59%	10.97%	51%	Refer note (d)
(v) Inventory Turnover	Cost of goods sold	Average Total Inventory	1.91	1.58	20%	Refer note (a)
(vi) Trade Receivables Turnover Ratio	Revenue from operations	Average Trade Receivables	3.66	2.58	42%	Refer note (c)
(vii) Trade Payables Turnover Ratio	Purchase of materials & stock-in-trade	Average Trade Payables	3.86	2.07	87%	Refer note (d)
(viii) Net Capital Turnover Ratio	Revenue from operations	Total Current Assets less Total Current Liabilities	1.87	1.38	35%	Refer note (e)
(ix) Net Profit/(loss) Margin (%)	Net Profit after tax	Revenue From Operations	12.61%	10.66%	18%	Refer note (a)
(x) Return on capital employed (%)	Profit before interest and tax	Capital Employed #	24.88%	18.06%	38%	Refer note (f)
(xi) Return on investment (%)	Earnings on investments	Average Investment	4.61%	8.33%	-45%	Refer note (g)

\* Earning Available For Debt Service = Net profit after tax + Non cash operating expenses like depreciation, amounts written off and other amortizations + Finance Cost

\*\* Debt service = Finance Costs + Principal repayments of long term borrowings + Lease Rent expense + Payment of lease liability

# Capital Employed = Total Equity + Total Borrowings (Current and Non-Current) - Right of Use Assets - Intangible assets - Intangible assets under development

**Notes:**

- (a) There is no significant change (25% or more) in FY 2021-22 in comparison to FY 2020-21.
- (b) Increase in Debt Equity ratio is due to additional borrowings obtained during the year by the company for meeting its working capital requirements for expansion of business.
- (c) Amid Covid-19 pandemic, the business across the nation was mandatorily shut down because of the spread of disease. During the current year, the business is back to normalcy which has resulted in significant increase in revenue. Thus, the turnover days has reduced as compared to previous year.
- (d) Improved on account of operational efficiency as explained in note ( c ) above.
- (e) Improvement in ratio due to increase in revenue from previous year.
- (f) Increased in current year due to healthy operational performance.
- (g) Decrease by 45% as account of significant increase in investment in current year as compared to previous year.
- 44** a) The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other persons or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.  
 (b) The Group has not received any funds from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 45** The Code on Social Security, 2020 ('Code') relating to employee benefits, during employment and post-employment benefits, has received the Presidential assent in September 2020. This Code has been published in the Gazette of India. However, the effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are also yet to be issued. The Group will evaluate the impact of the Code and will give appropriate impact in the financial statements in the period in which the Code becomes effective and the related rules are published.
- 46** Previous period figures have been re-grouped / re-classified wherever necessary, to conform to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective 1 April 2021.
- 47** During the year ended 31 March 2022, the Group has identified few instances where some franchisee owned and franchisee operated stores (FOFO stores) did not pass the discounts aggregating to ₹ 0.02 lakhs to end customers as per the policy of the Group by issuing unauthorised manual invoicing, which were in violation with terms and conditions of the franchisee agreement. The Group, through the team of internal experts, commenced an enquiry into the said matter. Basis above investigations, the Group has concluded that potential impact of any such further instance during the year is not expected to be material to these financial statements.

The Group has further levied financial compensatory penalties amounting ₹ 25.00 Lakhs to the said parties for the breach of terms and conditions of the agreement identified as above.

**48 Events occurring after Balance Sheet date**

The Group has evaluated all the subsequent events through 30 May 2022, which is the date on which these consolidated financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in these consolidated financial statements.

However, subsequent to year end, the board has declared a final dividend of ₹ 20.00 per Equity Share (i.e. 200%) having Face Value of ₹ 10.00 each for the Financial Year 2021-2022. The Final Dividend will be paid after approval of the Shareholders at the ensuing Annual General Meeting of the Group

## 49 Additional regulatory information

- (i) The title deeds of immovable properties (other than immovable properties where the Group is the lessee and the lease agreements are duly executed in favour of the lessee disclosed in the consolidated financial statements are held in the name of the Group.
- (ii) There are no proceedings initiated or pending against the Group for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made.
- (iii) The Group has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.
- (iv) The Group has not incurred any transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 for the year ended as at 31 March 2022.
- (v) The Group does not have any charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.
- (vi) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (vii) The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- (viii) Money raised by way of term loans were applied for the purposes for which these were obtained.
- (ix) The Group has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as at year ended 31 March 2022.
- (x) The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.
- (xi) The Group does not have any advances in the nature of loans during the year.

50 a) Monte Carlo Home Textiles Limited, a wholly owned subsidiary of the holding Company, incorporated on 03 December 2022 is yet to commence operations. The holding Company has subscribed ₹20,00,000 towards its share capital during the quarter ending 31 March 2022.

b) The Subsidiary is a wholly owned subsidiary of the Holding Company. Hence, there is no requirement for presentation of Non-Controlling Interest and profit attributable to Non-Controlling Interest and owners of parent in Statement of Profit and Loss. Further, there are no investments held by the group which are accounted for by using the equity method.

## 51 Group Information

### a) Information about subsidiaries

The Parent's subsidiary at 31 March 2022 is set out below. It has share capital consisting solely of equity shares that are held directly by the Parent, and the proportion of ownership interests held equals the voting rights held by the Parent. The country of incorporation or registration is also their principal place of business.

Name of the entity	Principal activities	Country of incorporation	Ownership interest held by the group		Ownership interest held by Non controlling interest	
			31 March 2022	31 March 2021	31 March 2022	31 March 2021
			%	%	%	%
Monte Carlo Home Textiles Limited*	Manufacture of other textiles	India	100%	-*	-	-*

\* Monte Carlo Home Textiles Limited was incorporated on 03 December 2021. During the quarter ended 31 March 2022, the holding company has invested ₹ 20.00 lakh for purchase of 200,000 equity shares at par value of ₹ 10 per share in subsidiary.

b) Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets*	Amount (INR)	As % of consolidated profit or loss*	Amount (INR)	As % of consolidated other comprehensive income*	Amount (INR)	As % of consolidated net assets*	Amount (INR)
<b>Parent</b>								
Monte Carlo Fashions Limited	100%	68,735.81	100%	11,403.58	100%	33.01	100%	11,436.59

Subsidiary								
Monte Carlo Home Textiles Limited	0%	10.64	0%	-9.36	0%	-	0%	-9.36
Intercompany eliminations and consolidation adjustments	0%	-20.00	0%	-	0%	-	0%	-
<b>Total</b>	<b>100%</b>	<b>68,726.45</b>	<b>100%</b>	<b>11,394.22</b>	<b>100%</b>	<b>33.01</b>	<b>100%</b>	<b>11,427.23</b>

## 52 Approval of financial statements

The financial statements were approved for issue by board of directors on 30 May 2022.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

**For Walker Chandio & Co LLP**

**For Monte Carlo Fashions Limited**

### Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sandeep Mehta**

Partner

Membership No.: 099410

**Jawahar Lal Oswal**

(Chairman and Managing Director)

(DIN : 00463866)

**Sandeep Jain**

(Executive Director)

(DIN : 00565760)

**Raj Kapoor Sharma**

(Chief Financial Officer)

(Membership No. 093017)

**Ankur Gauba**

(Company Secretary)

(Membership No. FCS10577)

Place : Mohali

Date : 30 May 2022

Place : Ludhiana

Date : 30 May 2022





# MONTE CARLO

It's the way you make me feel



## MONTE CARLO FASHIONS LIMITED

(CIN: L51494PB2008PLC032059)

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