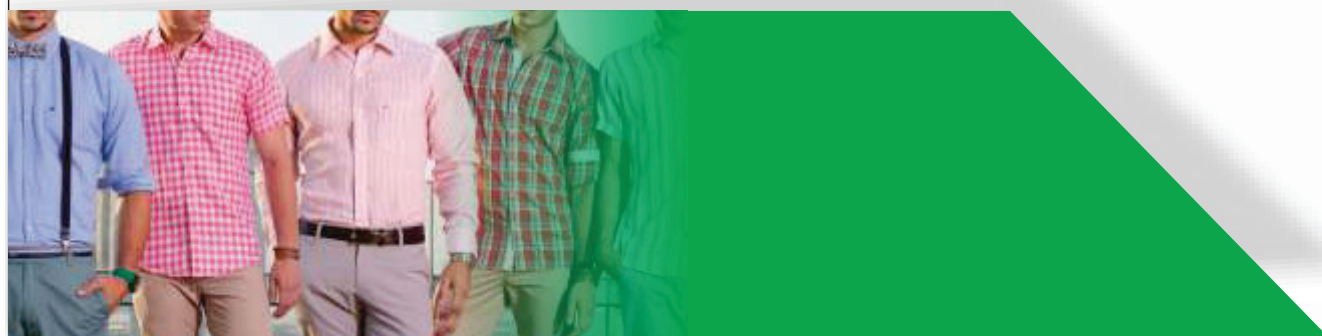
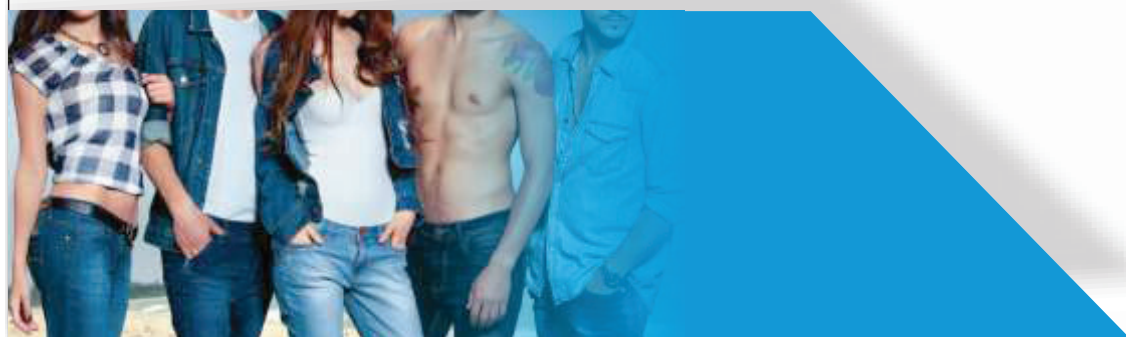


MONTE CARLO 

It's the way you make me feel



7th Annual Report 2014-15

MONTE CARLO FASHIONS LIMITED

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

BOARD OF DIRECTORS	
Sh. Jawahar Lal Oswal	Chairman & Managing Director
Sh. Sandeep Jain	Executive Director
Smt. Ruchika Oswal	Executive Director
Smt. Monica Oswal	Executive Director
Sh. Dinesh Gogna	Director
Sh. Paurush Roy	Director
Dr. Sainen Kumar Chaudhuri	Independent Director
Dr. Vandana Bhandari	Independent Director
Sh. Ajit Singh Chatha	Independent Director
Dr. Yash Paul Sachdeva	Independent Director
Dr. Suresh Kumar Singla	Independent Director
Dr. Manisha Gupta	Independent Director

CHIEF FINANCIAL OFFICER Sh. Sarweshwer Arora COMPANY SECRETARY Sh. Sahil Jain WORKS: 231-232, Industrial Area-A, Ludhiana-141003 427, Industrial Area-A, Ludhiana-141003 B-XXIX-106, G. T. Road, Sherpur, Ludhiana-141003 Miller Ganj, Ludhiana-141003	AUDITORS Walker, Chandiok & Co. LLP 21 st Floor, DLF Square, Jacaranda Marg, DLF Phase-II, Gurgaon-122002 BANKERS: Allahabad Bank State Bank of Patiala State Bank of India Indian Bank
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7th ANNUAL GENERAL MEETING	CONTENTS	Page No.
DAY : Tuesday	From the Chairman's Desk	2
DATE : 29 th September 2015	Director's Report	4
TIME : 11.00 A.M.	Corporate Governance Report	26
PLACE : At the Registered Office of the Company, B-XXIX-106, G.T. Road, Sherpur, Ludhiana.	Management Discussion and Analysis Report	39
	Independent Auditor's Report	49
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From the Chairman's Desk

Dear Shareholders,

We take pleasure in welcoming you to our first Annual Report as a listed enterprise. At the outset, we would like to take this opportunity to thank all our investors for participating in our Initial Public Offering launched in December, 2014. We are determined to maintain the highest standards of corporate governance and to assure you all of our commitment towards achieving value creation and growth.

A Differentiated Apparel Company

As you all are aware that our journey to establish the brand started way back in 1984 when your company was part of the parent company, Oswal Woollen Mills Ltd. The main Motto of the management since the inception of the brand was to create quality product and as well as achieve the standards of a good brand. The efforts put through at all levels, because a stand alone effort can never create a valuable and acceptable brand. Thus our endeavour was always to have a focused and concentrated approach at all levels, beginning from input of raw material till the stage of ready to sell, over the years. As a result Monte Carlo has emerged as one of the leading apparel brand, both in terms of revenue and brand stature. Inspired by success and recognition of Monte Carlo Brand in the market the company forayed into new territories in 2002, though identical and similar to the existing business. This diversification by the company received overwhelming support from all quarters and fulfilled the desire to have our presence in the market round the year. Accordingly we expanded our horizon and diversified our business operations by introducing cotton knitted t-shirts. The overwhelming response and acceptance of cotton t-shirts by the market encouraged the company to introduce other cotton garments viz. shirts, trousers, jackets, tracksuits etc. in 2006. With the passage of time and right efforts and high imagery value of Monte Carlo brand earned by us, helped us in getting a good response for our diversified product range consequently resulting in high growth rates. Encouraged by the success the growth potential of the business was estimated to be manifold thus inspired the management to have more focus on the business by forming a separate company, which resulted in the birth of Monte Carlo Fashions Limited in 2011 i.e. your company, within its folder lock, stock and barrel of Monte Carlo.

Over the years, we have successfully expanded our horizon and diversified our business operations. We have travelled a long way in accomplishing our goals for becoming a diversified apparels company, with a rich portfolio comprising of a wide range of woollen, cotton and cotton blended knitted, woven apparels and home furnishings. Some of our winning sub-brands under the umbrella brand Monte Carlo are: Platine, Alpha, Denim and Cloak & Decker. The consistent growth in business is the Motto, but the brief is that it should be at all levels, in other words to have a mindset of profitable growth. In Monte Carlo, we go with a firm belief and commitment that the success will come as our tradition and growth should be imperative.

The prime strength behind our leadership position in the domestic apparels industry has been our robust distribution network and, for the most part, our differentiated business model. We have a presence across India through 1,500-plus multi-brand outlets (MBO), 214 Exclusive Brand Outlets (EBO), and 89 national chain store outlets. A majority of our revenues are contributed by these MBOs and Franchisee EBOs, where the merchandise is primarily sold on a pre-ordered and outright basis. This has insulated us from major inventory risks and keeps us adequately protected from the routine hazards faced by the branded apparel business. Moreover our model of supplying Monte Carlo products to MBOs through agents or distributors and to EBOs

against bank guarantee or Post dated cheques make the company credit risk free. Notably, Monte Carlo has repeatedly been recognised as a “Super Brand” for woollen hosiery garments since September, 2004, by the International Society for Super Brands.

FY2015 Performance

Our performance during the year under review has been quite satisfactory, given the overall sluggish economic environment we experienced during FY2015. We countered the challenges by focusing on continuous innovation; elevating our design variations; on good consumer insights and by launching attractive new collections targeted at the youth. These initiatives provided us with the requisite momentum to report a decent delivery on our top and bottom line. Our revenues for the year FY2015 rose by 15.8% to Rs. 582 crore. Our Profit After Tax (PAT) increased by 9.86% at Rs 59.7 crore. Notably, our EBITDA showed a marked YoY improvement of 32.6% at Rs. 122 crore. Even more encouraging is the fact that our margins on EBITDA increased 270 basis points from 18.4% to 21.1%.

It is important to note that our revenues and PAT recorded for FY2015 are not directly comparable on a YoY basis due to a change in accounting method during the year under review. According to the prudent accounting norms suggested by our auditors, we have decided to net-off any expense incurred to propagate sales. These expenses mainly comprise of discounts and rebates against the revenues from operations, which earlier formed a part of other selling expenses. Our PAT has also been affected due to the provision of higher depreciation, followed by a change in our depreciation policy, as per the new Companies Act, 2013. As a result, our depreciation provisioning expanded by Rs. 7 Crore for FY2015. On the upside, our Cash Profits swelled by 32% on YoY basis at Rs. 93 Crores.

FY2015's performance was essentially the product of our strong brand positioning, a better and more appealing product mix, aggressive marketing, lower cost of raw materials and the reduction in other expenses through improving operational leverage. Going ahead, we expect our revenues and profits to keep growing at a steady momentum. We expect our operating metrics and return ratios to keep improving. Confident of our business model, we will continue our focus on the execution of a well conceived business strategy in our core business areas.

The Path Ahead

We have a concrete plan to scale our business within a competitive environment. We intend to scale up our EBOs to 275 by FY 2016-17, primarily through the franchisee route. We also wish to expand our presence by penetrating into the Southern and Western regions of India. We have already made an encouraging beginning towards this goal. Going forward, we are well placed to capitalise on growth opportunities within the branded apparel industry. We remain squarely focussed on optimising the utilisation of our assets, leveraging on our quality, improving efficiency and maintaining strong relationships with stakeholders.

Besides your company and management beliefs in sharing the fortune with the family of its shareholders. This philosophy is evident from the recommendation by the Board a maiden dividend, of 100% on each equity share of Rs. 10.00.

We take this opportunity to thank our investors for their on-going belief in the Company – and to our Board of Directors for their continued thoughtful advice and good governance. We also thank our leadership team and our employees for their sheer dedication and strong work culture that keeps us on the winning path.

Jawahar Lal Oswal

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Seventh (7th) Annual Report of the Company along with the Audited Financial Results for the year ended March 31, 2015.

FINANCIAL RESULTS

Financial Results for the year under review are summarized below:

PARTICULARS	(₹ in Lacs)	
	Current Year (As At 31.03.2015)	Previous Year (As At 31.03.2014)
Revenue from operations	58,257.70	50,310.32
Other Income	1,895.32	1,516.07
Total Revenue	60,153.02	51,826.39
Profit before Financial Charges, Depreciation & Amortization	14,192.67	10787.68
Financial Charges	1,707.77	931.89
Profit before Tax & Depreciation & Amortization	12,484.90	9,855.80
Depreciation & Amortization	3,340.34	1,620.88
Profit before Tax	9,144.56	8,234.91
Tax Expenses/ Adjustment		
1. Current Tax	3,479.82	2,591.00
2. Deferred Tax	(312.20)	180.99
3. Adjustment for the earlier year	Nil	22.55
Amount Available for Appropriation	5976.94	5440.37
Appropriations		
Transfer to Special Reserve	1,793.08	..*
Dividend	2,173.21	-
Tax on Proposed Dividend	444.96	-
Transfer to General Reserve	1,488.75	5,400.00
Earnings Per Share (₹)		
Basic	27.50	25.03
Diluted	27.50	25.03
Dividend Per Share (₹)	10.00	--

OPERATIONAL REVIEW

The Company has delivered an impressive financial and operating performance for the Financial Year 2014-15 by achieving great performance both in top line and bottom line with a remarkable growth of 16.07% in total revenue.

The revenue from operations stood at ₹58,257.70 Lacs as compared to ₹50,310.32 Lacs in the previous year, indicating an impressive growth of 15.80%. As a result, your Company's Profit before financial charges, depreciation, amortization and tax also displayed robust growth by 31.56% from ₹10,787.68 Lacs for the year ended March 31, 2014 to ₹14,192.67 Lacs for the year ended March 31, 2015. The other income of the Company stood at ₹1,895.32 Lacs as against the previous figure of ₹1,516.07 Lacs and this increase is primarily due to increase in the interest earned on fixed deposits.

The growth rate in revenue is in natural consequence of continued efforts made by the company and its executives at all levels and it is expected to achieve the growth at a same pace in future also.

Your Directors are also pleased to report that consistent efforts and a policy to cut down the cost has resulted in reduction of per unit cost and consequently enabled the company to achieve better margins and face the competitors more efficiently.

During the year, the Company has achieved an excellent growth in the sale of "Cloak & Decker" the economy range launched by the company last year. The Company has also commenced production of socks during the current year. Your company has also chalked-out well thought-out strategy of building E-Commerce platforms and also looking to develop multiple 'Differentiated Online Formats' to play in E-Commerce space i.e. online sales of its products under B2B and B2C model.

The Company has also expanded its sale net work by increasing its number of exclusive retail outlets/ large format stores and distributors during the year. Detailed analysis on the Company's operations is given in the Management Discussion and Analysis report which forms part of this Annual Report.

SUCCESSFUL INITIAL PUBLIC OFFER

The Company got its shares listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) on 19.12.2014 pursuant to the successful completion of Initial Public Offering (IPO) in accordance with Securities and Exchange Board of India (SEBI) Regulations. This was an offer for sale by the existing share holders of the Company wherein the Private Equity Investor (Kanchi Investments Limited) and

the Promoters divested 1646420 shares (7.58%) and 3786596 shares (17.42%) respectively, at a premium of ₹635/- per equity share of ₹ 10/- each. The IPO of the Company received an overwhelming response from the Investors as it was oversubscribed by 7.83 times, thereby making this IPO a remarkable success. The Paid up equity share capital of the Company as on 31st March, 2015 is 2173.21 Lacs.

DIVIDEND

The Company has earned a net profit after tax of ₹5,976.94 lacs for the year. Yours Directors have recommended 100% dividend amounting to ₹10/- per equity share, in its meeting held on May 30, 2015, subject to the approval of members at the ensuing Annual General Meeting.

TRANSFER TO RESERVES

The company has earned a total profit after tax of ₹5,976.94 lacs, out of which a sum of ₹1,793.08 lacs (30% of the profit after tax) has been transferred to Special Reserve maintained for purpose of future expansions and acquisitions.

Your Company has transferred ₹1,462.30 lakhs to the General Reserve out of the profits available for appropriation after making a provision for dividend amounting to ₹2,618.17 lacs (inclusive of dividend distribution tax) and the same is in compliance with the applicable provisions prescribed under the Companies Act 2013.

MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY:

There are no material changes or commitments, affecting the financial position of the company which have occurred between 31st March 2015 and the date of this report.

PUBLIC DEPOSIT

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

DIRECTORS & KEY MANAGERIAL PERSONNEL:

The Board of Directors consists of Twelve (12) Directors which include a Chairman & Managing Director, Three (3) Executive Directors and Six (6) Independent Directors.

In terms of provisions of Section 149(4) of Companies Act 2013 and Clause 49 of the Listing Agreement entered with Stock Exchanges, following directors were appointed as Independent Directors by the members in their Extra Ordinary General Meeting held on 27.06.2014:

- Dr. Yash Paul Sachdeva (DIN: 02012337)
- Dr. Vandana Bhandari (DIN: 06841653)
- Dr. Sailen Kumar Chaudhuri (DIN: 01021930)
- Sh. Ajit Singh Chatha (DIN: 02289613)
- Dr. Suresh Kumar Singla (DIN: 00403423)
- Dr. Manisha Gupta (DIN: 06910242)

A formal letter of appointment to Independent Directors as provided in Companies Act, 2013 and the Listing Agreement have been issued and the format for the same has been disclosed on the website of the Company viz. www.montecarlocorporate.com.

All the Independent Directors have given declarations confirming that they meet the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Sh. Paurush Roy (DIN: 03038347) ceased to act as nominee of Kanchi Investments Limited ("Private Equity Investor") on the board due to cessation of Share Subscription cum Share Holders Agreement entered by the Company and Kanchi Investments Limited, on successful completion of public issue of the Company. Consequently, the terms of the services of Sh. Gautam Gode (DIN: 01709758), an Alternate Director to Sh. Paurush Roy, Nominee Director of the company also ceased to be effective. The Board also place on record thanks for the valuable services rendered by him during his tenure and expresses its deep sense of appreciation and gratitude for the same.

However the Board in its meeting held on 03.02.2015 decided to retain Sh. Paurush Roy on the Board as Non Executive Director. There was no resignation of Directors during the year.

In terms of the provision of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, your company has four Women Directors on the Board namely Smt. Ruchika Oswal (DIN:00565979), Smt. Monica Oswal (DIN:00566052), Dr. Vandana Bhandari (DIN:06841653) and Dr. Manisha Gupta (DIN:06910242).

In accordance with the provisions of Section 152 of the Companies Act, 2013, Sh. Sandeep Jain (DIN-00565760) and Sh. Dinesh Gogna (DIN-00498670), Directors of the Company, being longest in the office since their last appointments shall retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment on the same terms and conditions on which they were appointed.

During the year under review Sh. Rukmesh Mohan Sood, Finance Controller of the Company was re-designated as Chief Financial Officer of the Company w.e.f 27.06.2014 under the provisions of the Act. However, the board of directors in their meeting held on 06.08.2015 appointed Sh. Sarweshwer Arora, Chartered Accountant as Chief Financial Officer in place of Sh. Rukmesh Mohan Sood, who has resigned from the said position.

Following are the existing Key Managerial Personnel (KMP's) in accordance with the provision of Section 203 of 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. Sarweshwer Arora	Chief Financial Officer
Sh. Sahil Jain	Company Secretary

NUMBER OF MEETINGS OF THE BOARD:

During the year, 4 (Four) Board Meetings were convened and held, details of which are provided in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

COMMITTEES OF THE BOARD:

The Company has several committees i.e Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, Risk Management Committee, Corporate Social Responsibility Committee, Share Transfer Committee and IPO Committee which have been established as a part of the best corporate governance practices and are in compliance with the requirements of the Companies Act and Listing Agreement. The details with respect to the compositions, powers, roles, terms of reference etc. of relevant committees are mentioned in Corporate Governance Report of the company which forms part of this Annual Report.

EVALUATION OF BOARD OF DIRECTORS, COMMITTEES AND DIRECTORS:

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, its Committees and all the directors individually as per the criteria laid down by the Nomination & Remuneration Committee of the Company. The manner in which the evaluation has been carried out is explained in the Corporate Governance Report.

DIRECTOR'S RESPONSIBILITY STATEMENT:

In Compliance of Section 134(5) of the Companies Act 2013, it is hereby confirmed that:

- In the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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;
- 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;
- The directors have prepared the annual accounts on a going concern basis;
- 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
- 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.

NOMINATION AND REMUNERATION POLICY:

The Nomination & Remuneration Policy has been framed which lays down a framework in relation to appointment and remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for determining qualifications, positive attributes, independence of director and other matters provided under sub section (3) of section 178 of the Companies Act 2013. The Remuneration Policy is elaborated in the Corporate Governance Report and can also be accessed on the website of the Company.

BUSINESS RISK MANAGEMENT:

Pursuant to section 134 (3)(n) of the Companies Act, 2013 & Clause 49 of the listing agreement, the company has formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The details of the committee and its terms of reference are set out in the corporate governance report forming part of this Annual report. Your Directors in regular intervals evaluate the risks faced by the Company which could affect its business operations or threaten its existence. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a constant basis.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY:

The Company has constituted a Vigil mechanism/ Whistle Blower Policy to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of Company's code of conduct. The details are explained in the Corporate Governance Report and the said policy is also disclosed on the Website of the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Company has constituted a CSR committee as per the provisions of Section 135 of the Companies Act 2013, details of which are given in the Corporate Governance Report forming part of this report. The Board has also framed a CSR policy for the Company on the recommendations of the CSR Committee. The policy is committed to certain CSR initiative and expects to incur expenditure during the ensuing year in the areas identified which are related to Medical Relief and Research, Environmental Sustainability, Education and Social Upliftment. The said policy has also been posted on the website of the Company.

However, during the financial year 2014-2015 the Company has not incurred any expenditure on Corporate Social Responsibility as it was in the process of identifying specific objects/ programs for undertaking CSR activities. The Company was undertaking surveys for identifying the projects in thematic areas. However, as the other group companies are also on the same path, your company this year has therefore decided to undertake its CSR activities in collaboration with them, under one umbrella, i.e. through Oswal Foundation, which is a Registered Society having charitable objects in the said fields.

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

RELATED PARTY TRANSACTIONS:

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. Accordingly the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act 2013 in Form AOC-2 is enclosed as **Annexue B**. Further there are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large.

The details of related party transactions are placed before the Audit Committee for its review and approval on quarterly basis. The Company has framed a Related Party Transactions policy for purpose of identification and monitoring of such transactions. The policy on Related Party Transactions as approved by the Board is available in the Company's website at www.montecarlocorporate.com.

PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS:

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act 2013. Details of investments made by the Company are given in the notes to the financial statements.

SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

EXTRACTS OF ANNUAL RETURN:

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

EXTRAORDINARY GENERAL MEETING:

During the year under review, an Extra Ordinary General Meeting of the company was held on June 27, 2014, the details regarding the meeting are included in Corporate Governance Report.

POSTAL BALLOT:

During the current financial year the Company has conducted postal ballot exercise in accordance with the provisions of Companies Act 2013 and Listing Agreement for the purpose of amendment/alteration of Memorandum & Articles of Association of the Company.

INTERNAL CONTROL SYSTEM & THEIR ADEQUACY:

Your Company has developed a well defined internal control system commensurate with the size, scale and complexity of its operations and which is constantly assessed and strengthened with new/ revised standard operating procedures. The internal audit is entrusted to M/s Gupta Vigg & Co, Chartered Accountants, who were appointed by the board in terms of Section 138 of the Companies Act, 2013 and rules made thereunder. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes and ensure optimal utilization & protection of company's resources. The Internal Auditors monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Significant audit observations and corrective actions are presented to the Audit Committee of the Board. Committee thereafter reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same.

CORPORATE GOVERNANCE:

The Company is committed to adhere the best corporate governance practices. A separate section on Management Discussion and Analysis, Corporate Governance and a Certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of this Annual Report.

STATUTORY AUDITOR & AUDITOR'S REPORT:

M/s Walker Chandio & Co. LLP (Firm Registration No: 001067N / N500013), Chartered Accountants, who are Statutory Auditor of the Company, hold office up to the forthcoming Annual General Meeting. The Board of Directors based on the recommendation of the Audit Committee has proposed the appointment of M/s Walker Chandio & Co. LLP, as the Statutory Auditors of the Company for a period of five

years to hold the office from the conclusion of the forthcoming Annual General Meeting till the conclusion of 12th Annual General Meeting of the Company subject to ratification by shareholders at every Annual General Meeting.

The Company has obtained from Auditors a written consent and a certificate as required under Section 139 of the Companies Act, 2013 to the effect that their reappointment, if made, would be within the limits and in accordance with the conditions specified under section 141(3)(g) of the Companies Act, 2013.

The Auditor's Report on the Accounts of the Company for the year under review is self explanatory and requires no comments. Further there are no adverse remarks or qualification in the report that calls for Board's explanation.

SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed M/s P.S. Dua & Associates, Company Secretaries in Practice (C.P. No. 3934) to undertake the Secretarial Audit of the Company for the Financial Year 2014-2015.

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

COST AUDITOR:

The Cost Audit Report for the year ended 31st March, 2014 was filed with the Ministry of Corporate Affairs, in accordance with the requirement of law.

In terms of the Companies (Cost Records and Audit) Amendment Rules, 2014, the Company is not covered under the purview of Cost Audit from the FY 2014-15.

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

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy against sexual harassment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. During the financial year 2014-15, the company has not received any complaints on the same and hence no complaints remain pending as of 31 March, 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT:

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement is presented separately and forms part of this Annual Report.

PARTICULARS OF EMPLOYEES:

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information on Conservation of Energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3) (m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is given as **Annexure-F**.

HUMAN RESOURCE & INDUSTRIAL RELATIONS:

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

ACKNOWLEDGEMENT & APPRECIATION:

The Directors take this opportunity to express their deep sense of gratitude to the Company's shareholders, customers, vendors, bankers, financial institutions and business associates for their continued support during the year. The Directors also express their sincere appreciation of the employees at all levels for having risen to meet the several challenges encountered and look forward to their valuable support and commitment in the times ahead.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: LUDHIANA
Date: 06.08.2015

JAWAHAR LAL OSWAL
CHAIRMAN & MANAGING DIRECTOR
(DIN: 00463866)

ANNEXURE-A TO THE DIRECTOR'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2014-15

Sr. No.	Particulars	
1.	Brief Outline of CSR Policy	Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the CSR Committee formulated the Corporate Social Responsibility Policy (CSR Policy) and recommended the same to the Board of Directors of the Company for its approval. The Board of Directors has adopted the CSR Policy as recommended by CSR Committee. Under the CSR Policy, Company will broadly focus on medical relief and research, environment protection, promotion of education, social upliftment and any other activity as envisaged in the Companies Act. The details of CSR policy are available on the Company's website montecarlocorporate.com
2.	Composition of the CSR Committee	The CSR Committee comprises of: a) Sh. Jawahar Lal Oswal Chairman b) Sh. Dinesh Gogna Member c) Sh. Yash Paul Sachdeva Member
3.	Average net profit of the Company for last three financial years	₹7581.03 Lacs
4.	Prescribed CSR Expenditure	₹151.62 Lacs
5.	Details of CSR spend for the financial year:	
	Total amount spent for the financial year	Nil
	Amount unspent, if any	₹151.62 Lacs
	Manner in which the amount spent during the financial year is detailed below	
6.	Reasons for not spending the two percent of the average net profits of the last three financial years	During financial year 2014-15 no expenditure was incurred on company's CSR activities as the company was undertaking surveys for identifying the projects in the areas listed in the CSR policy. However, in the current financial year, the Company has already started contributing towards expenditure incurred by Oswal Foundation for saving water pollution and promoting education and has contributed ₹5.00 Lacs as initial contribution for the same.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs 1. Local area or other 2. Specify the State and District where project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: 1. Direct expenditure on projects or programs. 2. Overheads:	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency

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

(JAWAHAR LAL OSWAL)
CHAIRMAN OF THE CSR COMMITTEE