

**MONTE CARLO FASHIONS LIMITED****Regd. Office : B-XXIX-106, G.T. Road, Sherpur, Ludhiana - 141003 (Pb.) India.****Tel.: 91-161-5048610, 5048620, 5048630, 5048640 Fax : 91-161-5048650****Manufacturers & Exporters of High Class Woollen Hosiery Knitwear, Textiles & Exclusive Fully Fashion Knitwears****May 31, 2016**

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

**SUB: INVESTOR PRESENTATION**

Dear Sir / Madam,

Pursuant to Clause 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we are enclosing herewith the Investor Presentation for the Quarter and Financial Year ended March 31, 2016.

You are requested to take the same on record and acknowledge the receipt.

Thanking You,

For MONTE CARLO FASHIONS LIMITED

  
CO. SECRETARY & COMPLIANCE OFFICER

Encl. As Above





**Q4 & FY16 INVESTOR PRESENTATION**  
**May 2016**

## DIVIDEND PAYOUT FOR FY16

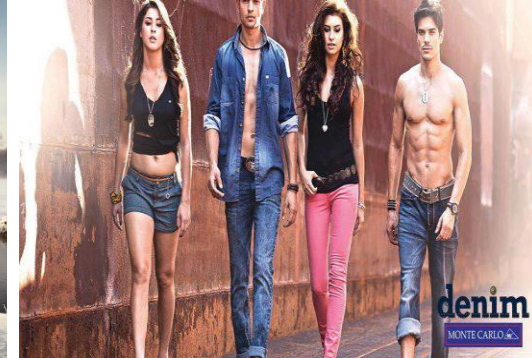
**BOARD OF DIRECTORS HAVE RECOMMENDED A DIVIDEND OF RS. 10.0 PER EQUITY SHARE (100%) WHICH AMOUNTS TO A TOTAL DIVIDEND PAY OUT OF RS. 217.3 MN**

**DIVIDEND PAY OUT IS 36.9% OF THE REPORTED PAT**



# DISCUSSION SUMMARY

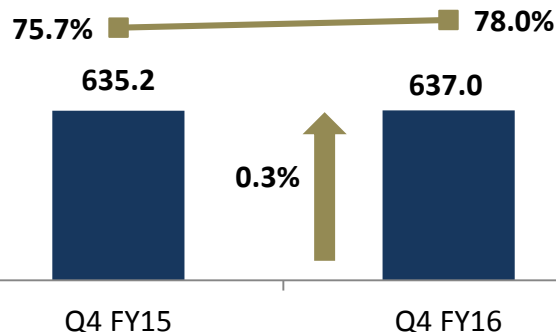
- Q4 & FY16 RESULTS HIGHLIGHTS
- OPERATIONAL HIGHLIGHTS
- FINANCIALS
- COMPANY OVERVIEW – ABOUT US
- UNDERSTANDING OUR BUSINESS MODEL
- SUSTAINABLE COMPETITIVE ADVANTAGES
- FUTURE GROWTH STRATEGY
- ANNEXURE



# Q4 & FY16 – RESULTS HIGHLIGHTS

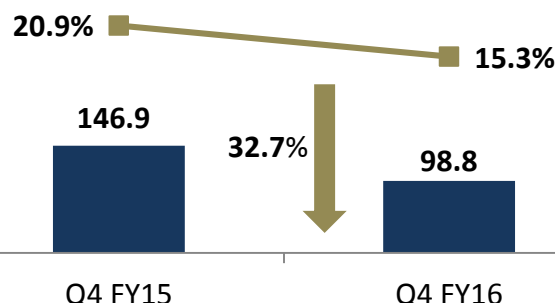
## Q4 FY16 YoY ANALYSIS

### Adjusted Revenues\*



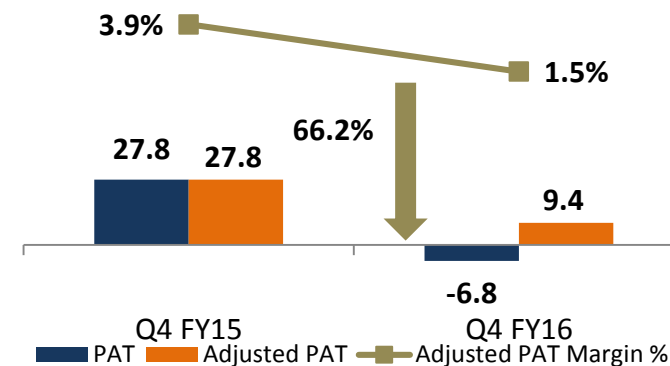
Adjusted Revenues\*

### OPERATING EBIDTA & EBIDTA %



EBIDTA EBIDTA Margin %

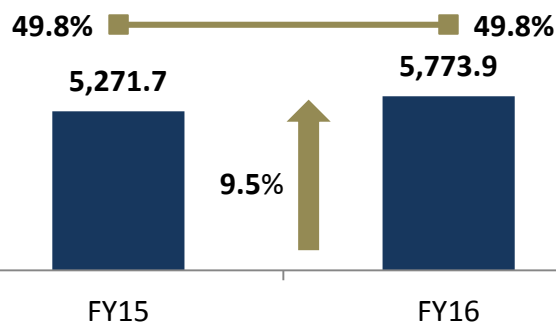
### PAT & Adjusted PAT %\*\*



Q4 FY15 Q4 FY16  
PAT Adjusted PAT Adjusted PAT Margin %

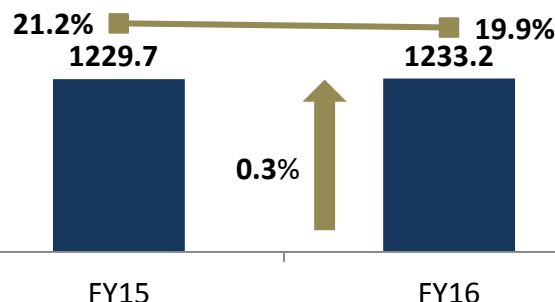
## FY16 YoY ANALYSIS

### Adjusted Revenues^



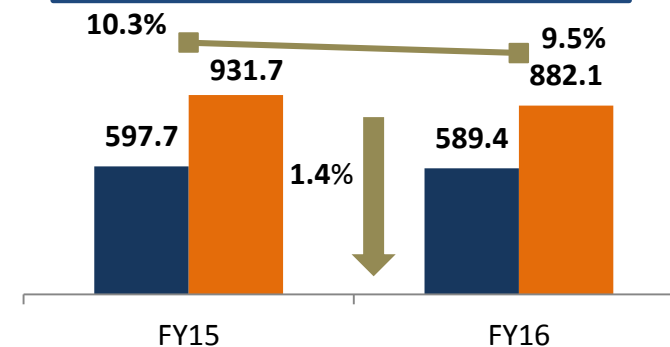
Revenues Gross Margin %

### OPERATING EBIDTA & EBIDTA %



EBIDTA EBIDTA Margin %

### PAT & PAT %



PAT Cash PAT PAT Margin %

Note – EBIDTA W/O Other Income Adjusted Revenues\* - Revenues have been adjusted excluding the sale of raw material (Fabric & Yarn), Fabric & Yarn sales: Q4 FY15 – Rs. 70.7 mn, Q4 FY16 – Rs. 8.7 mn  
Includes sale of Fabrics & Raw Material - Fabric & Yarn sales: FY15 – Rs. 539.1 mn, FY16 – Rs. 425.9 mn, Adjusted Revenues increased by 9.5 % to Rs. 5,773.9 mn from Rs. 5,271.7 mn. Adjusted PAT \*\* – Adjusted for CSR expenditure of Rs. 16.2 mn in Q4 FY16.

# Q4 FY16 – FINANCIAL HIGHLIGHTS

## FINANCIAL UPDATE -

- Q4 FY16 Revenues from Operations decreased by 8.5 % to Rs. 645.7 mn. However, excluding the sale of raw material (Fabric & Yarn), Fabric & Yarn sales: Q4 FY15 – Rs. 70.7 mn, Q4 FY16 – Rs. 8.7 mn, Adjusted Revenues increased by 0.3% to Rs. 637.0 mn from Rs. 635.2 mn. Gross Margins increased by 224 bps to 78.0%.
- **Overall Growth Outlook is stable and positive due to good visibility on the Order book.**
- **Q4 FY16 EBIDTA w/o Other income decreased by 32.8 % YoY to Rs. 98.8 mn. EBIDTA Margin was 15.3%.**
  - Advertisement and Marketing expenses increased by 185.2% to Rs. 9.7 cr as compared to Rs. 3.4 cr YoY.
  - The current strategy is to establish our Brand visibility on a Pan India basis along with increased focus on Southern & western India, therefore the increase in advertising and marketing expense should be seen as an investment which would lead to long term benefits of enhancing our Overall brand recall.
  - No Major capex planned for next 2 years. Therefore, Positive Operating leverage expected as the production gains scale during the course of the year.
- **Q4 FY16 Loss at Rs. 6.8 mn vs Q4 FY15 PAT of Rs. 27.8 mn. However,**
  - CSR expenditure of Rs. 16.2 mn incurred during Q4 FY16.
- **Update on Marketing & Branding** - Links for the new Summer Ad campaign launched during the quarter –
  - Monte Carlo - Summer Collection (Full version Ad) – [You Tube Link](#)
  - Monte Carlo – Alpha Summer Collection – [You Tube Link](#)
  - Monte Carlo - Tweens Collection (Kids Segment) – [You Tube Link](#)

# OPERATIONAL HIGHLIGHTS

## REVENUE ANALYSIS – SEGMENT WISE

### Segment wise Revenues – Product Category wise (In Rs mn)

	Q4 FY16	FY16	FY15	FY14	FY13	FY12
<b>Total Revenues **</b>	<b>604.4</b>	<b>5,664.8</b>	<b>5,271.8</b>	<b>4,566.7</b>	<b>3,686.0</b>	<b>3,346.9</b>
<b>% Revenue Share – Segment wise</b>						
<b>Woollen Segment</b>	<b>12.4%</b>	<b>34.2%</b>	<b>34.5%</b>	<b>36.5%</b>	<b>42.7%</b>	<b>41.6%</b>
<b>Cotton Segment</b>	<b>78.7%</b>	<b>51.3%</b>	<b>52.6%</b>	<b>50.8%</b>	<b>47.5%</b>	<b>57.3%</b>
<b>Home Furnishings</b>	<b>2.2%</b>	<b>9.7%</b>	<b>8.4%</b>	<b>8.0%</b>	<b>6.5%</b>	<b>0.1%</b>
<b>Kids</b>	<b>6.7%</b>	<b>4.9%</b>	<b>4.6%</b>	<b>4.7%</b>	<b>3.3%</b>	<b>1.0%</b>

### Segment wise Revenues – Channel wise (In Rs mn)

	Q4 FY16	FY16	FY15	FY14	FY13	FY12
<b>Total Revenues**</b>	<b>604.4</b>	<b>5,664.8</b>	<b>5,271.8</b>	<b>4,566.7</b>	<b>3,686.0</b>	<b>3,346.9</b>
<b>% Revenue Share –Channel wise</b>						
<b>MBO including NCS /</b>						
<b>Institutional</b>	<b>78.2%</b>	<b>63.1%</b>	<b>63.5%</b>	<b>65.0%</b>	<b>59.6%</b>	<b>60.2%</b>
<b>Retail Outlets - EBO – COCO</b>	<b>19.6%</b>	<b>5.0%</b>	<b>5.5%</b>	<b>5.0%</b>	<b>5.5%</b>	<b>7.7%</b>
<b>Retail Outlets - EBO - FOFO</b>	<b>2.1%</b>	<b>31.9%</b>	<b>30.9%</b>	<b>30.0%</b>	<b>38.5%</b>	<b>32.1%</b>

MBO – Multi Brand Outlet  
EBO – Exclusive Brand Outlet  
COCO – Company own Company operated  
FOFO – Franchise own Franchise operated

**Note \*\* - Revenues from Core products**

# OPERATIONAL HIGHLIGHTS

## REVENUE ANALYSIS – REGION WISE

### Segment wise Revenues –Region wise

	Q4 FY16	FY16	FY15	FY14	FY13
<b>% Revenue Share – Region wise</b>					
North	71.4%	52.7%	51.3%	58.8%	57.1%
East	17.7%	25.9%	27.1%	25.1%	22.0%
Central	0.9%	13.1%	13.8%	9.0%	12.7%
South	7.9%	3.6%	3.1%	2.7%	3.7%
West	1.5%	4.4%	4.6%	4.3%	4.0%
Overseas	0.4%	0.2%	0.1%	0.2%	0.5%

**STRATEGIC FOCUS TO REDUCE DEPENDENCE ON NORTH REGION AND IMPROVE MARKET PRESENCE AND MARKET SHARE ACROSS PAN INDIA.**



# OPERATIONAL HIGHLIGHTS

## STORE NETWORK ANALYSIS

- Total Number of EBOs – 223, spread across Pan India. Major Presence in North, Central & East.
- Increasing Footprint in South.
- Have strong Distribution presence across more than 2,000+ Multi-Brand Outlets pan India.
- Have presence in 164 National chain store Outlets
  - Presence through 6 National Retail chains such as – Reliance Retail, Shoppers stop, Pantaloons, Metro, Carrefour and Madura Outlets.

### Total Network details

**As on Mar-16**

<b>No of Own EBO</b>	<b>21</b>
<b>No of Franchise EBO</b>	<b>202</b>
<b>No of MBO</b>	<b>2,000+</b>
<b>No of NCS Presence</b>	<b>164</b>

### Retail store - Exclusive Brand Outlets Network details (EBO)

	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Mar-14	Mar-13	Mar-12
<b>Existing - No of Stores</b>	<b>222</b>	<b>218</b>	<b>220</b>	<b>214</b>	<b>214</b>	<b>193</b>	<b>166</b>	<b>152</b>	<b>144</b>
<b>New Opened</b>	<b>3</b>	<b>11</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>28</b>	<b>28</b>	<b>20</b>	<b>12</b>
<b>Closed</b>	<b>2</b>	<b>7</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>7</b>	<b>1</b>	<b>6</b>	<b>4</b>
<b>Total Number of Retail outlets</b>	<b>223</b>	<b>222</b>	<b>218</b>	<b>220</b>	<b>214</b>	<b>214</b>	<b>193</b>	<b>166</b>	<b>152</b>

# FINANCIALS

## P&L STATEMENT

Particulars (in million)	Q4 FY 16	Q4 FY 15	% Change	FY16	FY15	% Change
<b>Net Sales *</b>	<b>643.6</b>	<b>703.2</b>	<b>-8.5%</b>	<b>6,199.9</b>	<b>5,810.8</b>	<b>6.7%</b>
Other Operating Income	2.1	2.8	-24.0%	15.4	15.0	2.9%
<b>Total Income from Operations</b>	<b>645.7</b>	<b>705.9</b>	<b>-8.5%</b>	<b>6,215.3</b>	<b>5,825.8</b>	<b>6.7%</b>
Cost of Goods Sold	142.3	171.3	-17.0%	3,118.0	2,922.5	6.7%
<b>Gross Profit</b>	<b>503.4</b>	<b>534.6</b>	<b>-5.8%</b>	<b>3,097.3</b>	<b>2,903.2</b>	<b>6.7%</b>
<b>Gross Margin</b>	<b>78.0%</b>	<b>75.7%</b>	<b>224bps</b>	<b>49.8%</b>	<b>49.8%</b>	<b>0bps</b>
Personnel Expenses	117.4	99.2	18.4%	463.8	418.8	10.7%
Advertisement Expenses	96.5	33.9	185.2%	348.5	271.7	28.2%
Other Expenses	190.7	254.7	-25.1%	1,051.9	983.0	7.0%
<b>EBITDA</b>	<b>98.8</b>	<b>146.9</b>	<b>-32.8%</b>	<b>1,233.2</b>	<b>1,229.7</b>	<b>0.3%</b>
<b>EBITDA Margin</b>	<b>15.3%</b>	<b>20.9%</b>	<b>-554bps</b>	<b>19.9%</b>	<b>21.2%</b>	<b>-127bps</b>
Other Income	6.4	59.6	-89.3%	139.1	189.5	-26.6%
<b>EBITDA Margin (incl. Other Income)</b>	<b>16.3%</b>	<b>29.3%</b>	<b>-1297bps</b>	<b>22.1%</b>	<b>24.4%</b>	<b>-228bps</b>
Depreciation	75.8	127.2	-40.4%	292.7	334.0	-12.4%
Interest Expense	30.0	35.1	-14.6%	162.4	170.8	-4.9%
CSR Expenditure	16.2	-	-	16.2	-	-
<b>PBT</b>	<b>-16.8</b>	<b>44.2</b>	<b>-138.0%</b>	<b>901.0</b>	<b>914.5</b>	<b>-1.5%</b>
Taxes	-10.0	16.4	-160.7%	311.6	316.8	-1.6%
<b>PAT</b>	<b>-6.8</b>	<b>27.8</b>	<b>-124.6%</b>	<b>589.4</b>	<b>597.7</b>	<b>-1.4%</b>
<b>PAT Margin</b>	<b>-1.1%</b>	<b>3.9%</b>	<b>-501bps</b>	<b>9.5%</b>	<b>10.3%</b>	<b>-78bps</b>
<b>EPS</b>	<b>-0.31</b>	<b>1.28</b>	<b>-124.2%</b>	<b>27.12</b>	<b>27.50</b>	<b>-1.4%</b>

- Includes sale of Fabrics & Raw Material - Fabric & Yarn sales: Q4 FY15 – Rs. 70.7 mn, Q4 FY16 – Rs. 8.7 mn, Adjusted Revenues increased by 0.3% to Rs. 637.0 mn from Rs. 635.2 mn.
- Includes sale of Fabrics & Raw Material - Fabric & Yarn sales: FY15 – Rs. 539.1 mn, FY16 – Rs. 425.9 mn, Adjusted Revenues increased by 9.5 % to Rs. 5,773.9 mn from Rs. 5,271.7 mn.

# FINANCIALS

## Balance Sheet

Particulars (Rs Million)	FY16	FY15
<b>Equities &amp; Liabilities</b>		
<b>Shareholder's Funds</b>		
Share Capital	217.3	217.3
Reserves & Surplus	4,243.3	3,916.4
<b>Total Shareholder's Funds</b>	<b>4,460.6</b>	<b>4,133.8</b>
<b>Non-Current Liabilities</b>		
Long-term Borrowings	292.9	621.9
Deferred Tax Liabilities (net)	-	2.6
Other Long-term Liabilities	127.8	106.0
<b>Total of Non-current liabilities</b>	<b>420.7</b>	<b>730.5</b>
<b>Current Liabilities</b>		
Short-term Borrowings	297.5	391.8
Trade Payables	1,064.0	817.5
Other Current Liabilities	578.1	435.2
Short-term Provisions	290.2	312.2
<b>Total of Current liabilities</b>	<b>2,229.8</b>	<b>1,956.7</b>
<b>Total Equity &amp; Liabilities</b>	<b>7,111.0</b>	<b>6,820.9</b>

Particulars (Rs Million)	FY16	FY15
<b>Assets</b>		
<b>Non-Current Assets</b>		
Fixed Assets	1,639.4	1,820.8
Non-Current Investments	200.0	274.6
Deferred Tax Assets (net)	32.2	-
Long-term Loans & Advances	52.7	56.8
Other non-current assets	250.1	0.1
<b>Total non-current assets</b>	<b>2,174.3</b>	<b>2,152.3</b>
<b>Current Assets</b>		
Current Investments	299.6	205.0
Inventories	2,217.6	1,840.3
Trade Receivables	1,517.2	1,200.8
Cash & Bank Balance	708.2	1,178.5
Short-term Loans & Advances	176.0	181.9
Other Current Assets	18.2	62.1
<b>Total Current Assets</b>	<b>4,936.7</b>	<b>4,668.6</b>
<b>Total Assets</b>	<b>7,111.0</b>	<b>6,820.9</b>

# COMPANY OVERVIEW – ABOUT US

## BRIEF OVERVIEW



### OUR PEDIGREE

- Launched in 1984 as an exclusive woollen brand by Oswal Woollen Mills Limited (“OWML”), “Monte Carlo” has emerged as one of the leading Indian apparel brands. Experienced management team led by Mr. Jawahar Lal Oswal who has over 50 years experience in the textile and woollen industry and with Mr. Sandeep Jain Executive Director .
- ‘Monte Carlo’ has been recognized as a ‘Superbrand’ for woollen knitted apparel in each edition of Consumer Superbrands India since its first edition in September 2004.
- Launched as an exclusive woollen brand, Company has successfully diversified with a comprehensive line of woollen, cotton & cotton blended, knitted and woven apparel and home furnishing under the ‘Monte Carlo’ brand

### OUR BRAND & PRODUCT PORTFOLIO

- Branded apparel business was demerged into Monte Carlo Fashions Limited (MCFL) in 2011. Ownership of the brand ‘Monte Carlo’ is with the Company
- ‘Monte Carlo’ is the flagship brand with a portfolio of woollen apparel and cotton and cotton blended apparel
- Have Launched different ranges under the Umbrella Brand “Monte Carlo” - ‘Platine’ is our premium range for men, ‘Denim’ is our exclusive range for denim apparel, ‘Alpha’ is our exclusive range for women and ‘Tweens’ is our exclusive range for kids.

### OUR REACH & PRESENCE

- Brands distributed through a network of Monte Carlo EBOs and MBOs including national chain store. Strong distribution network and wide presence across the country. In south & west the company has adopted distribution system through distributors.
- **MBOs** - Products are supplied through 21 exclusive commission agents to over 2,000+ MBOs on outright basis.
- **EBOs – COCO** - 21 stores are leased, managed by company personnel. Inventory is owned by MCFL
- **EBOs – FOFO** – 202 EBOs are on Franchise basis. Products are supplied on Pre-order Outright basis.
- Also supplying through National Chain Stores for 6 Retail chains. E-commerce presence through own portal montecarlo.in and tie-ups with Digital platforms such as Flipkart, Snapdeal etc

### OUR FINANCIALS

- Consolidated Revenues, EBITDA and PAT were Rs. 6,215.3 mn, Rs. 1,233.2 mn and Rs.589.4 mn in 2016
- Virtually debt-free balance sheet with Total Debt to Equity at 0.2 x as of Mar-16. Strong Cash Balance at Rs. 1,007.8 mn as on Mar-16. (Excluding Non Current investments of Rs. 450.1 mn)
- Healthy Return Ratios: 2016 ROCE of 17.3%, Cash Adjusted ROCE of 22.2% and ROE of 13.7%.
- Virtually the business model has no Inventory risk and credit risk, thus protected from normal hazards of Branded Apparel Business

# COMPANY OVERVIEW – ABOUT US

## SHAREHOLDING STRUCTURE

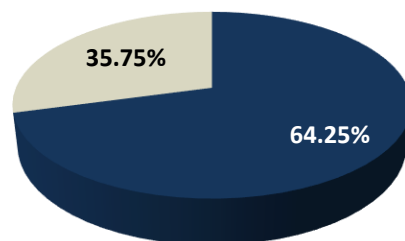
Market Data	As on 27.05.2016 (BSE)
Market Capitalization (Rs Mn)	9,548.0
No. of shares outstanding (Mn)	21.73
Face Value (Rs.)	10.00
52 week High-Low (Rs.)	584.2-337.0

Source – BSE

Key Institutional Investors	% Holding
Kanchi Investments Ltd (Samara Capital)	10.94
Goldman Sachs India	2.34
ICICI Prudential Life Insurance	1.94
Aditya Birla Pvt Equity Trust	1.57
Birla Sun Life Trustee Co.	1.51
DB International (Asia) Ltd	1.30

Source – Company / BSE

### Mar-16 Shareholding



■ Promoter ■ Public

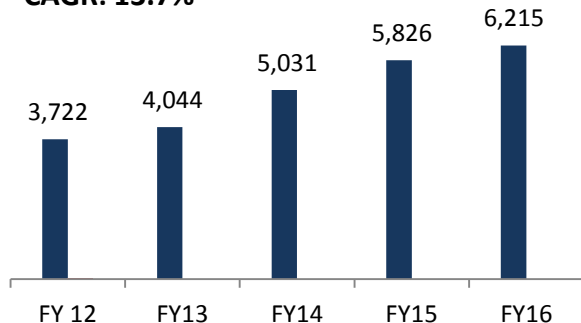


# COMPANY OVERVIEW – ABOUT US

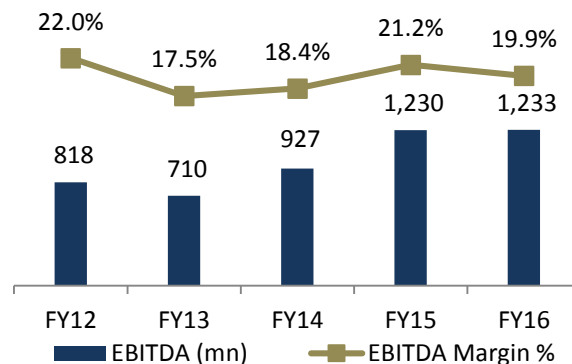
## FINANCIAL HIGHLIGHTS

### REVENUES

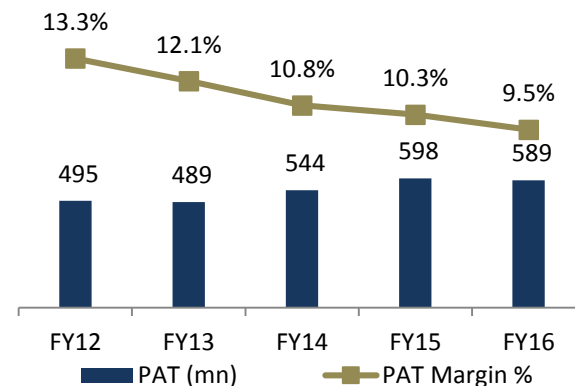
**CAGR: 13.7%**



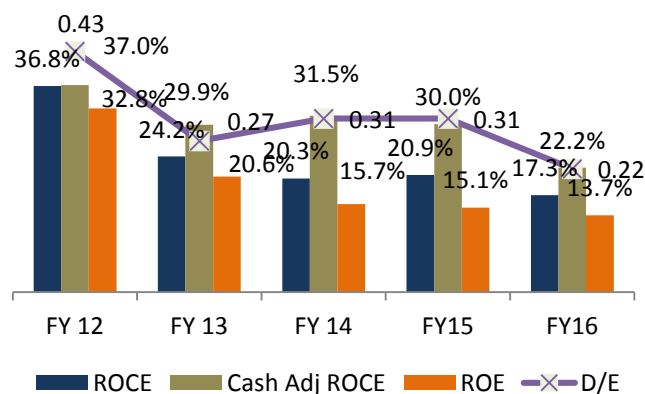
### EBITDA & EBITDA Margin



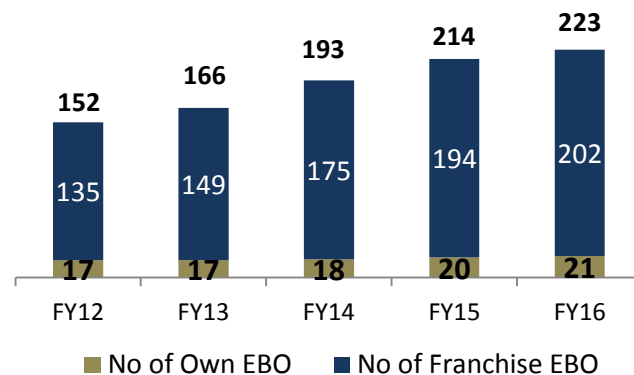
### PAT & PAT Margin



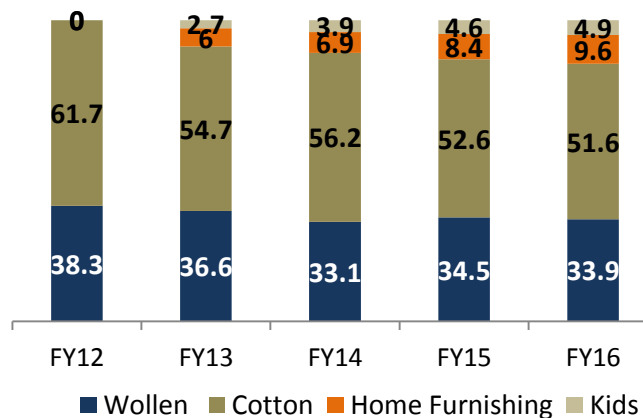
### LEVERAGE & RETURN RATIOS



### EBO – STORE GROWTH



### REVENUE – SEGMENT WISE %






















Source - RGP

Note – ROE: PAT/Avg. Equity, ROCE: EBIT/Avg. Capital Employed [(Capital Employed = Equity + Total Debt), (Cash Adj. Capital Employed = Equity + Total Debt – C&E)]

# COMPANY OVERVIEW – ABOUT US

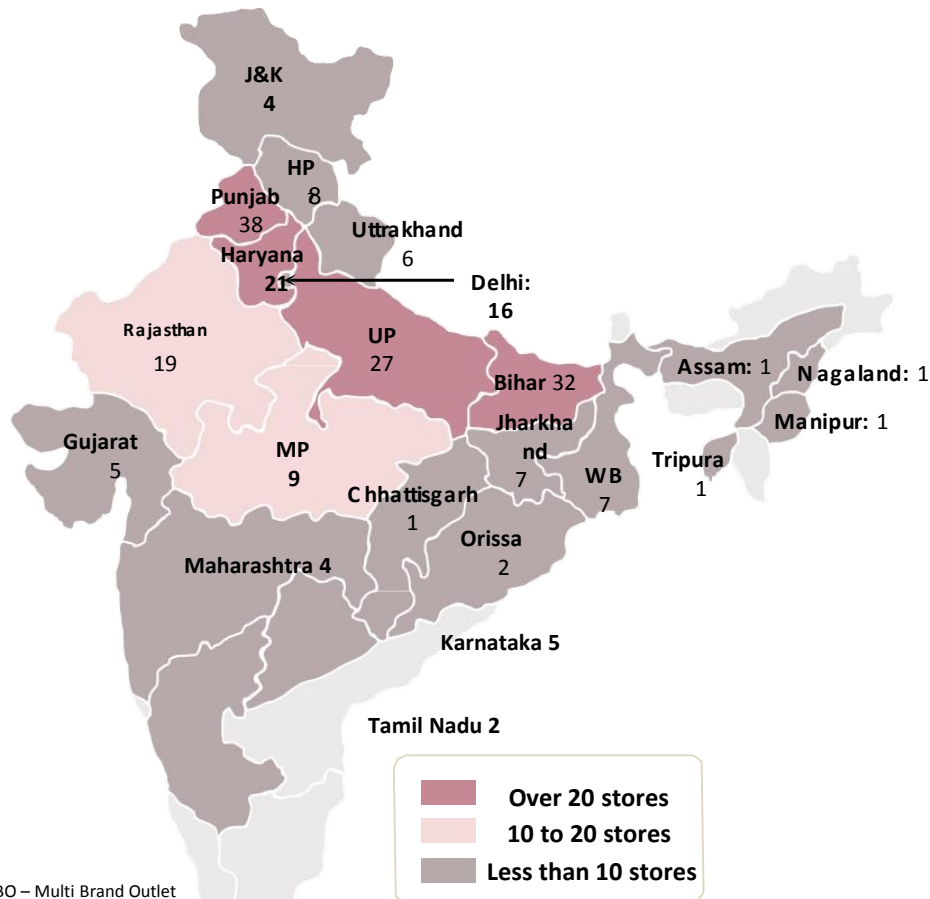
## OUR PRODUCT PORTFOLIO

Woollens		Sweaters Jackets, Shawls	  
Cottons	  	T-shirt, Shirts, Trousers	  
Kids		Sweaters Jackets, T-shirt, Sweat Shirts	 
Economy range		T-Shirts, Sweatshirts, Thermal-wear	  
Home Furnishing Range		Mink Blankets, Bed Sheets, Quilts	

# COMPANY OVERVIEW – ABOUT US

## OUR RETAIL PRESENCE & RETAIL NETWORK

Monte Carlo exclusive brand outlets (EBO)<sup>#</sup> -Total 223 EBOs with presence across India. Mainly into North, East & Central



MBO – Multi Brand Outlet  
 EBO – Exclusive Brand Outlet  
 COCO – Company own Company operated  
 FOFO – Franchise own Franchise operated

- **Brands distributed through a network of Monte Carlo EBOs and MBOs including national chain stores**
- **MBOs** - Products were supplied by 21 exclusive commission agents to 2,000+ MBOs on outright basis
- **EBOs – Company-Owned-Company-Operated**
  - With a focus to develop brand equity by opening stores at High streets at Premium Retail Locations and showcasing an extensive range of products.
  - 20 stores are leased and managed by company personnel. Inventory is owned by MCFL
- **EBOs – Franchisee-Owned-Franchisee-Operated**
  - Fit-outs layout and fixtures defined by MCFL. But franchisees lease premises for stores and bear staff and operational costs
  - With no major capex from the company side, the format is highly scalable
- **NCS** – Products are also supplied to 164 National chain stores (NCS) on Consignment / Outright basis. Supply to 5 Retail chains such as Reliance retail, Shopper stop, Madura, Pantaloons, Metro.
- Entered into distribution agreements with online sales through digital commerce platforms

# COMPANY OVERVIEW – ABOUT US

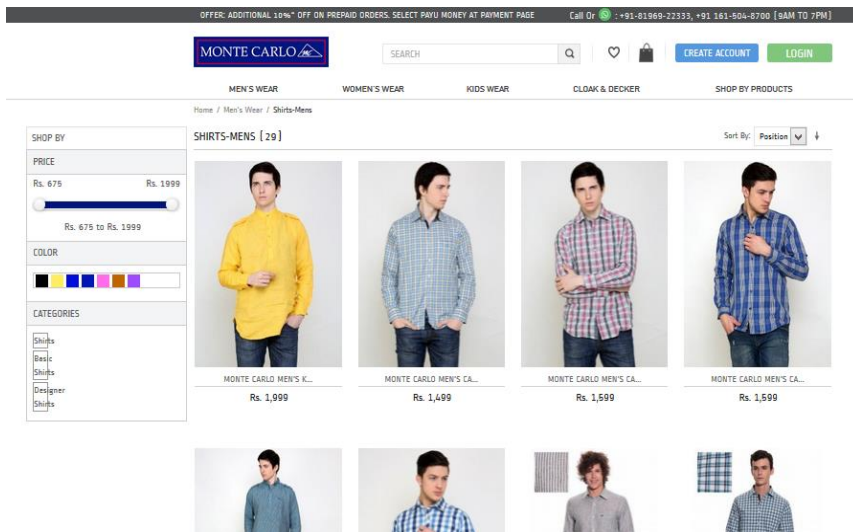
## OUR RETAIL PRESENCE THROUGH E-COMMERCE



### RETAIL PRESENCE THROUGH E-COMMERCE -

- Recently started online e-commerce sale through our own portal [www.montecarlo.in](http://www.montecarlo.in) as well as tie-ups with several online portals. The e-Retail portal and online business completely belongs to the company.
- Have Entered into distribution agreements with some of the leading Indian digital commerce platforms for sale of our products online.

### OWN PORTAL – [WWW.MONTECARLO.IN](http://WWW.MONTECARLO.IN)



### TIE-UPS WITH ONLINE PLATFORMS





# COMPANY OVERVIEW – ABOUT US

## IN-HOUSE DESIGN & PRODUCTION CAPABILITIES

### IN-HOUSE DESIGN & PRODUCT DEVELOPMENT

- In-House dedicated design team of over 30 professionals which travels and follows the emerging global fashion trends for creation of the designs for our new collections.
- Focus on developing new products, improving existing ones and forecasting fashion trends.
- In addition, our Exclusive Commissioned Agents have direct access to the dealers, distributors and retailers in India and they conduct regular market surveys to understand consumer demand and feedback.

### MANUFACTURING CAPABILITIES –

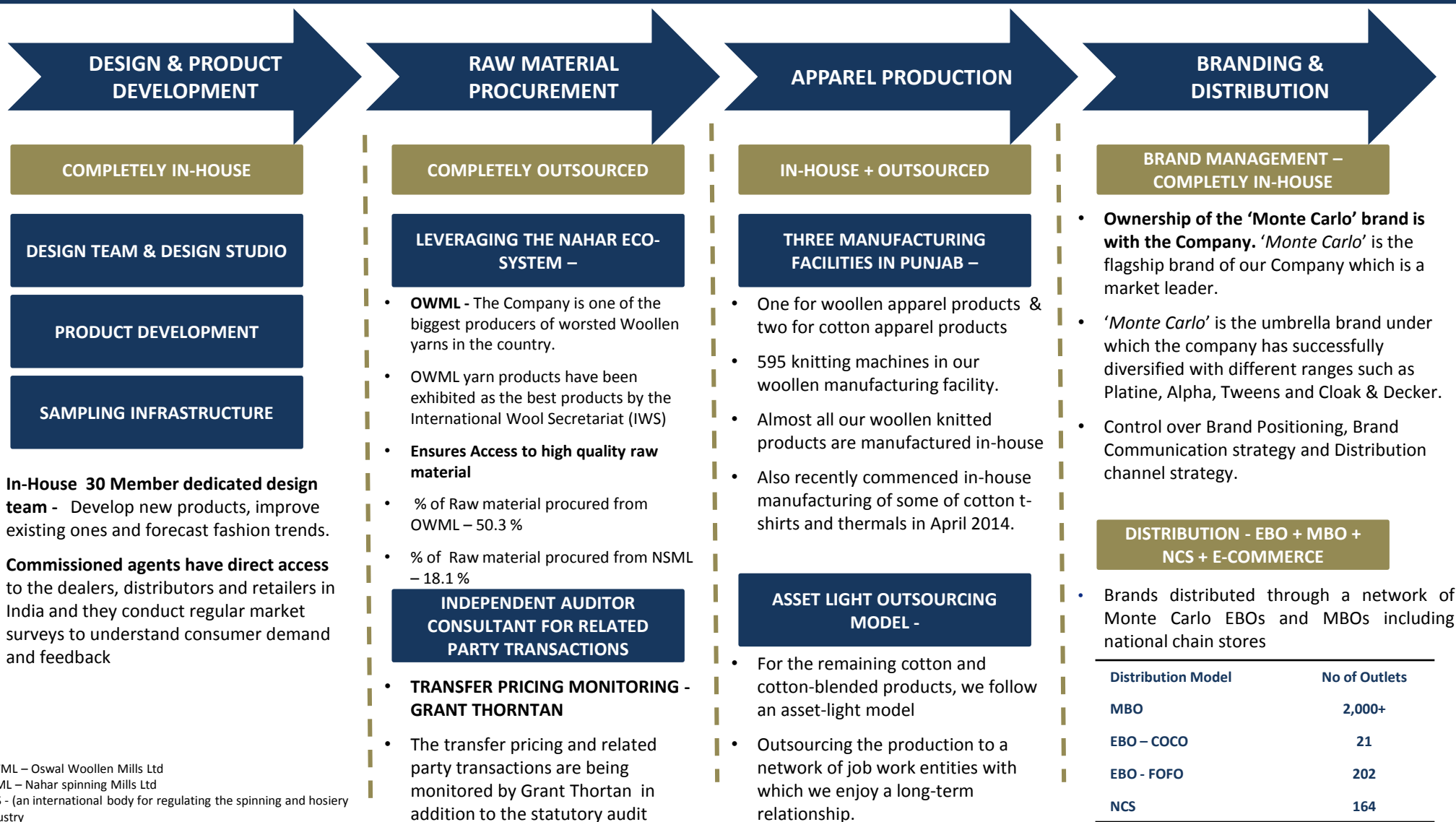
- Three manufacturing facilities in Ludhiana, Punjab :-
  - One for woollen apparel products
  - Two for cotton apparel products.
  - The manufacturing facilities include facilities for product development, a design studio and sampling infrastructure.
- Almost all woollen knitted products are manufactured in-house. Recently also commenced in-house manufacturing of some of our cotton t-shirts and thermals in April 2014.
- For the remaining cotton and cotton-blended products, we follow an asset-light model by outsourcing the production to a network of job work entities with which we enjoy a long-term relationship.





# COMPANY OVERVIEW

## UNDERSTANDING OUR BUSINESS MODEL



# COMPANY OVERVIEW

## UNDERSTANDING OUR BUSINESS MODEL



### UNDERSTANDING WINTER SEASON SEGMENT

#### JANUARY

- Product Development & Sampling Process
- **Design process is finalised. Sample sets sent to our Commissioned Agents. (CA)**

#### FEBRUARY - MARCH

- Commissioned Agents take these sample sets to various cities for display and invite the dealers and distributors
- Company Organizes fashion shows to showcase proposed products to the MBOs.
- **CA procure orders from the MBOs and act as an interface between us and the MBOs. These CA are Exclusive to the Company.**

#### APRIL

- The dealers and distributors of the MBOs place orders for our products with the CA
- **Pre Booking of Orders from MBOs and Franchise EBOs**

#### MAY TILL JULY

- Production for these specific designs for which orders are placed, commences from the month of May.

#### AUGUST ONWARDS

- Start dispatching our winter wear products to the '*Monte Carlo Exclusive Brand Outlets*' and MBOs from August onwards.
- **Peak Inventory in September,**

### UNDERSTANDING SUMMER SEASON SEGMENT

#### AUGUST

- **Separate Dedicated Design team for non-winter products**
- **Design process is finalised. Sample sets sent to our Commissioned Agents. (CA)**

#### SEPTEMBER- OCTOBER

- Commissioned Agents take these sample sets to various cities for display and invite the dealers and distributors
- Company Organizes fashion shows to showcase proposed products to the MBOs.
- **CA procure orders from the MBOs and act as an interface between us and the MBOs. These CA are Exclusive to the Company.**

#### OCTOBER

- The dealers and distributors of the MBOs place orders for our products with the CA
- **Pre Booking of Orders from MBOs and Franchise EBOs**

#### NOVEMBER TILL JANUARY

- Production for these specific designs for which orders are placed, commences from the month of November.

#### FEBRUARY ONWARDS

- Start dispatching our non-winter wear products to the '*Monte Carlo Exclusive Brand Outlets*' and MBOs from August onwards.

Designing is an ongoing process throughout the year for both cotton and woollen garments.  
Production of plain and basic designs continue through out the year for both Woollen and cotton segments

	Total Revenues (Rs. Mn)	% of Revenues in Third Quarter		Avg. Ticket price (Rs.)
FY 2012	3,722	53.6 %	Winter wear - Sweater, Jackets & Cardigans	~2000
FY 2013	4,044	59.9 %	Shirts	~1000
FY 2014	5,037	53.4 %	Denim	~900
FY 2015	5,826	54.4%	Trouser	~900
FY 2016	6,215	55.3%	T-shirt	~600

**Winter clothing usually comprises of high-ticket products, with approximately 4 months of winter revenues comparable to 8 months of summer business**

- Significant amount of revenue generated primarily during the third quarter of each fiscal year.
- The seasonality is primarily because the sales of our winter products which includes sweaters, jackets, cardigans and sale of certain cotton and cotton-blended products such as cotton jackets, suits, sweat shirts, full sleeve t-shirts and shirts in the winter mainly occurs between October and January.
- Winter products are typically higher in value in terms of production cost as well as sales revenue, and accordingly generate higher revenue, in comparison with the non-winter products.

# SUSTAINABLE COMPETITIVE ADVANTAGE

## STRONG BRAND & BRAND RECALL



- The strength of our brand 'MONTE CARLO' has significantly contributed to the success of our business.
- **The Ownership of the 'Monte Carlo' brand as well as all the sub-brand ranges are the registered trademarks and belong to the Company.**
- Monte Carlo enjoys significant premium and brand recall on a pan-India basis
- **Leading Indian Apparel brand by revenue** – as per Technopak report 2014
- As per the Technopak Report, 2014, we are the leading woollen knitted apparel brand in India in the premium and mid-premium segment.
- **In 2014, Monte Carlo was honoured as one of ASIA'S BEST MARKETING BRANDS by World Consulting & Research Corporation (WCRC)**
- **MONTE CARLO' has been recognized as a 'Superbrand' for woollen hosiery garments since September 2004 by International Society for Superbrands.**
- Introduced successfully a number of ranges under the umbrella brand and seek to build its brand-equity based on new products
- **Showcases our ability to anticipate, identify and respond to changing fashion trends in a timely manner.**
- Scale of our business provides us the ability to increasingly focus on branding and promotion to further increase our visibility and market share across India



### RANGES LAUNCHED UNDER THE BRAND – "MONTE CARLO"



# SUSTAINABLE COMPETITIVE ADVANTAGE

## WELL DIVERSIFIED PRODUCT MIX



- Launched as an exclusive woollen brand, the Company now offers a comprehensive line of woollen, cotton & cotton blended, knitted and woven apparel and home furnishing under the 'Monte Carlo' brand.
- The woollen and woollen blended product category contributed 34 % of revenues in FY16.**
- Over last 3 years, New ranges have been successfully launched under the Umbrella Brand – "Monte Carlo" :
  - An exclusive women's wear range 'Alpha'
  - Kids wear range 'Tweens' - for age group 7-13'
  - Premium men's range of woollen sweaters under 'Platine' and
  - Economy range for men under 'Cloak and Decker'
- Also Introduced its range of home furnishing products like mink blankets, quilts and sheets

Segment wise Revenues	FY16	FY15	FY14	FY13	FY12
<b>Total Revenues (Rs. Mn)</b>	<b>5,664.8</b>	<b>5,271.8</b>	<b>4,566.7</b>	<b>3,686.0</b>	<b>3,346.9</b>
<b>% Revenues - Woollen Segment</b>	<b>34.2%</b>	<b>34.5%</b>	<b>36.5%</b>	<b>42.7%</b>	<b>41.6%</b>
<b>% Revenues - Cotton Segment</b>	<b>51.3%</b>	<b>52.6%</b>	<b>50.8%</b>	<b>47.5%</b>	<b>57.3%</b>
<b>% Revenues – Home Furnishing Segment</b>	<b>9.7%</b>	<b>8.4%</b>	<b>8.0%</b>	<b>6.5%</b>	<b>0.1%</b>
<b>% Revenues - Kids Segment</b>	<b>4.9%</b>	<b>4.6%</b>	<b>4.7%</b>	<b>3.3%</b>	<b>1.0%</b>

### Range, positioning and products offered

Range	Woollens & Woollen-blended	Cottons & Cotton-blended	Home Furnishing	Kids
<b>Monte Carlo</b> - Premium and mid-premium segments for men	Sweaters, jackets, thermals, woollen accessories (caps, mufflers, Shawls, stoles)	Shirts, trousers, t-shirts, track-suits	Mink blankets, bed sheets and quilts	
<b>Platine</b> - Premium range for Men	Cashmere and cash-wool sweaters, blazers, coats	Cotton shirts, trousers and t-shirts		
<b>Denim</b> - mid-premium Range		Denim trousers (jeans) and shirts		
<b>Alpha</b> - Exclusive range for Women	Sweaters, cardigans	Shirts, t-shirts, tops and trousers		
<b>Tweens</b> - Exclusive Kids wear Collection				Sweaters, Cardigans, Shirts, t-shirts and Bottoms
<b>Cloak &amp; Decker</b> - Economy range for men		Cotton and cotton-blended t-shirts		



# SUSTAINABLE COMPETITIVE ADVANTAGE

## ROBUST DISTRIBUTION MODEL

	MBO	NCS	EBO-COCO	EBO –FOFO
Total Number of Outlets	2,000+	164	21	202
% of Revenue Contribution – FY16	63.1% (NCS Contribute less than 10%)		36.9%	
Distribution Sale Model	Pre-Booking of Orders Outright Sale	SOR – Sale or Return / Outright Sale	Inventory owned by MCFL	Pre-Booking of Orders Outright sale
Inventory Risk	No	Yes	Yes	Minimal – 5-15 % of Products Return Allowed
Discount Sharing	No	No	Yes	Yes, Range from 5% to 17.5%
Payment Collection – Credit Risk	Exclusive Commission Agents are Liable to pay	Reputed Retail Chains	-	Bank Guarantee's and PDC taken from Franchise

**ROBUST DISTRIBUTION MODEL ASSURES MINIMAL INVENTORY RISK AND CREDIT RISK.**

**TILL DATE, THERE HAS BEEN NO BAD DEBTS OR RECEIVABLES WRITE OFF FOR THE COMPANY**

# FUTURE GROWTH STRATEGY

## FOCUS ON BRAND & PRODUCT PORTFOLIO EXPANSION

- Focus on branding and promotion to further increase our visibility and market share across India
- Focus on a comprehensive range of cotton and cotton-blended products which cater to all seasons in-order to expand our all-season product range and strengthen our pan-India operations.

## FOCUS ON RETAIL NETWORK EXPANSION

- Plan to diversify our pan-India presence by penetrating into the southern and western regions of India.
- Focus on Online sales through own portal as well as Tie-ups with e-commerce portals such as Flipkart, Jabong, Snapdeal and India Shopping.

## FOCUS ON RETURN RATIOS EXPANSION

- No major capex requirement for over next 2 years. Have already built the Manufacturing building facility, need to install additional machinery to expand production facility.
- Ability to sustain Robust growth for next 2-3 years without any major capex. Therefore Return ratios set to improve.

# DISCLAIMER

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*These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond MCFL’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of MCFL.*

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# THANK YOU



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# MONTE CARLO FASHIONS

## STORE IMAGES





# MONTE CARLO FASHIONS

## OUR CAMPAIGNS & COLLECTIONS

