

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**

November 14, 2018

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

SUB: Q2FY19 INVESTOR PRESENTATION

Dear Sir / Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Investor Presentation for the Quarter and Half Year ended September 30, 2018.

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





Q2 FY19

INVESTOR PRESENTATION

November 2018





MONTE CARLO 
It's the way you make me feel

Q2 FY19 Investor Presentation

Monte Carlo – POISED FOR LONG TERM GROWTH

PRODUCT MIX MOVING TOWARDS COTTON

- Cotton scaling above 60% of total FY18 revenue reflecting shift towards Cotton from Woollen segment, which was further increased to 68.3% in H1 FY19
- Textile and Kids segment delivered strong growth, contributing higher revenue for the overall business

POSITIVE BUSINESS OUTLOOK

- Focus on new markets and new product offerings
- Strong traction in making further inroads in western and southern markets in India

CONSISTENT FOCUS ON SHAREHOLDER RETURN

- Low Capex requirement for next two years, near term growth will be achieved from higher capacity utilization
- Full year dividend increased by 20%, with pay out ratio of 43.7% before Dividend Distribution Tax

STRONG WORKING CAPITAL CYCLE

- Tight control over Inventory and trade payables as both remain flat with higher sales achieved during the year
- Overall Working capital moved higher with receivables moved slightly higher during year end

HEALTHY CASH FLOW & STRONGER BALANCE SHEET

- Strong balance sheet with low overall debt; Long term borrowing at INR 116.4 mn as of September 2018
- Strong balance sheet is reflected through high cash balance of INR 1,480 mn (includes cash and bank balance along with current and non-current investments)

MONTE CARLO – DIFFERENTIATED BUSINESS MODEL

PRICING POWER

- Being a premium brand, Monte Carlo enjoys strong pricing power
- No discount sharing with MBOs
- Limited discount sharing with franchisee owned EBO

ORDER TO PRODUCE MODEL

- Majority of revenues come from outright sales
- Sales to MBOs and franchisee owned EBOs (FOFO) are pre-booked and on outright basis
- Inventory is owned only in case of Company owned EBOs (COCO)

MINIMUM GOODS RETURNED

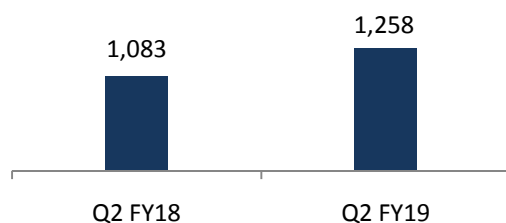
- Goods sold have minimum risk
- Product return is only allowed in case of NCS (<10% of sales) and franchisee owned EBOs (5-15% return allowed)
- No inventory risk in case of sales to MBOs

LOW CREDIT RISK

- Almost Zero bad debts till date
- MBO sales are through exclusive commissioned agents and distributors
- Franchisee owned EBOs work on bank guarantee and PDC

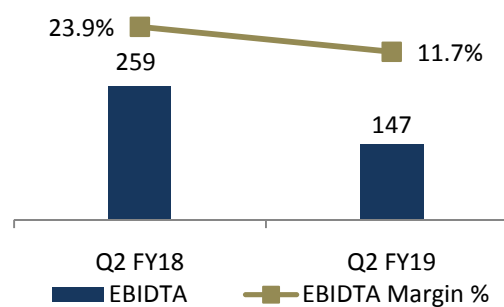
Q2 FY19 – RESULT HIGHLIGHTS

REVENUES



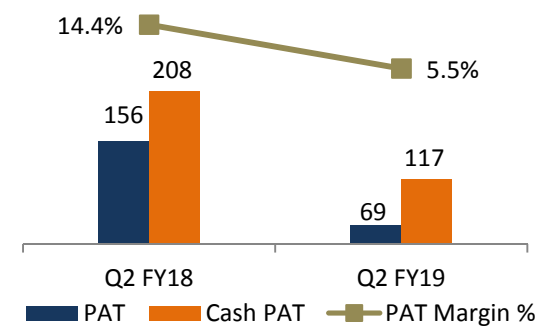
Q2 FY19 YoY ANALYSIS

EBIDTA & EBIDTA MARGIN%

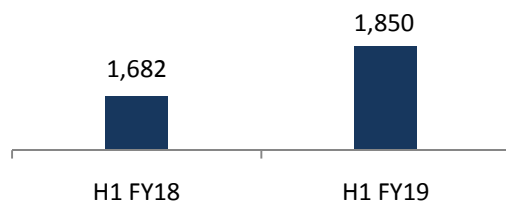


In Rs Mn

PAT, CASH PAT & PAT MARGIN %

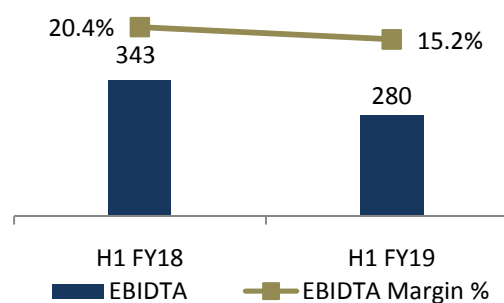


REVENUES

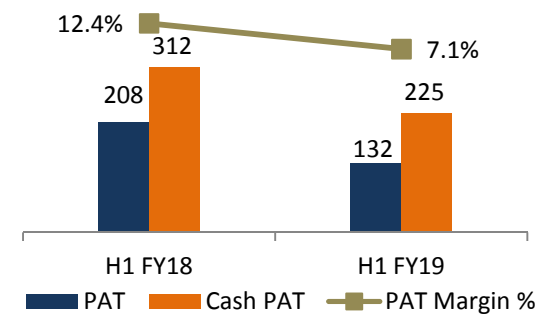


H1 FY19 YoY ANALYSIS

EBIDTA & EBIDTA MARGIN%



PAT, CASH PAT & PAT MARGIN %



Note – *Previous year figures have been recast as per Ind AS to make them comparable with current year figures

EBITDA W/O Other Income, Cash PAT = PAT + Depreciation

Q2 FY19 – REVENUE ANALYSIS

REVENUE * BREAKUP – SEGMENT WISE

	FY17	FY18	Q2FY18	Q2FY19	H1FY18	H1FY19
Total Revenues (Rs. Mn)	5,289 *	5,686*	1,054	1,347	1,570*	1,888*
Woollen Segment	28.1%	26.0%	30.8%	23.0%	16.2%	13.6%
Cotton Segment	58.1%	61.2%	56.9%	60.5%	68.3%	68.3%
Home Furnishings	9.0%	7.8%	9.3%	13.1%	11.1%	14.4%
Kids	4.8%	5.0%	3.0%	3.4%	4.4%	3.7%

FOCUS ON PRODUCT DIVERSIFICATION

- **Focus on cotton products in summers, contribution of cotton in H1FY19 remained stable at 68%**
- Positioning as all fashion brand to reduce seasonality impact, woollen segment contribution has moved lower in FY19

• Revenue from Core Products, excluding yarn and fabric sales and miscellaneous sales

*FY17 Sales of scrap and accessories was Rs. 11.6 Mn & Excise duty was Rs. 69.2 Mn

*FY18 Sales of scrap and accessories was Rs. 14.4 Mn & INDAS 115 adj. was Rs. 47.3 Mn

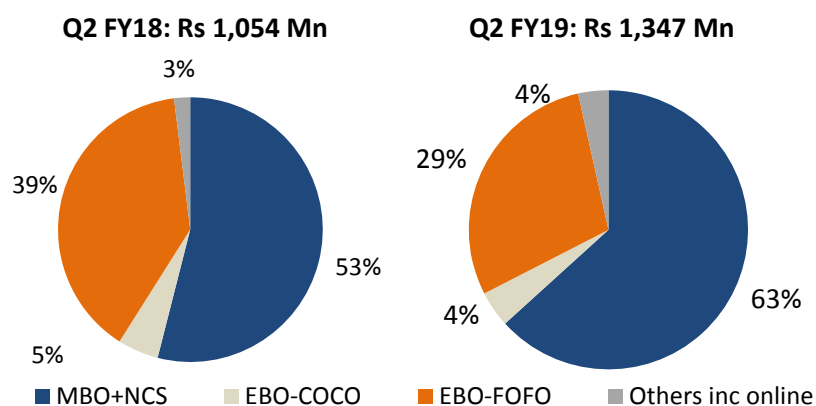
*H1 FY18 Sales of scrap and accessories was Rs. 6.6 Mn & INDAS 115 adj. was Rs. 101.4 Mn

*H1 FY19 Sales of scrap and accessories was Rs. 14.55 Mn & INDAS 115 adj. was Rs. 56.65 Mn

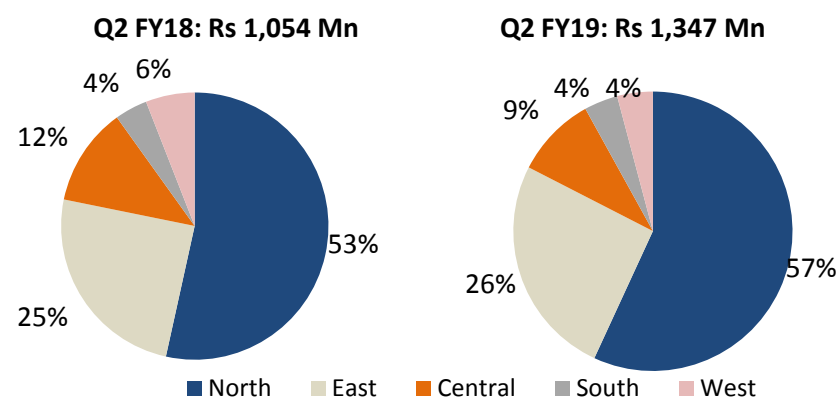
MBO – Multi Brand Outlet, EBO – Exclusive Brand Outlet
COCO – Company own Company operated, FOFO – Franchise own Franchise operated

Q2 FY19 – REVENUE ANALYSIS

REVENUE * BREAKUP – REGION CHANNEL WISE



REVENUE * BREAKUP – REGION WISE



- ❑ MBOs contributes major portion of overall revenue, contributed 53% in Q2 FY19
- ❑ Strategic focus to build a pan India presence and achieve regional diversification
- ❑ Sales outside North & East constitutes 17% of overall sales during the quarter

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

Q2 FY19 – STORE NETWORK ANALYSIS

STORE NETWORK				
Type of Store	FY17	FY18	Q1 FY19	Q2 FY19
EBO – COCO	20	21	22	25
EBO – FOFO	211	214	214	217
MBO	2,300+	2,500+	2,500+	2,500+
NCS	198	283	207	334

EBO – NET ADDITIONS				
	FY17	FY18	Q1 FY19	Q2 FY19
Existing	223	231	235	236
New Opened	17	10	5	6
Closed	9	6	4	0
Total EBOs	231	235	236	242

- Strategic focus to build a pan India presence; Focus on increasing presence in Southern and Western markets
- Significant increase in MBO leading to stronger growth from MBO in last few quarters
- In addition to 242 EBO's, company has 2 Overseas EBOs in Nepal and 1 in Bangladesh.

MBO – Multi Brand Outlet, EBO – Exclusive Brand Outlet

COCO – Company own Company operated, FOFO – Franchise own Franchise operated, NCS – National Chain Stores

Q2 FY19 – CONSOLIDATED PROFIT & LOSS

Particulars (in million)	Q2 FY19	Q2 FY18	YoY%	FY18	FY17	YoY%
Net Sales	1255.2	1080.7	16.1%	5747.7	5,231.4	9.9%
Other Operating Income	2.8	2.3	23.9%	11.8	10.7	10.3%
Total Income from Operations	1,258.0	1,083.0	16.1%	5,759.5	5,242.1	9.9%
Material Costs	584.8	419.6	39.4%	3046.1	2,736.8	11.3%
Gross Margin	673.2	663.4	1.5%	2,713.4	2,505.3	8.3%
Gross Margin %	53.5%	61.3%	-126bps	47.1%	47.8%	-15bps
Personnel Expenses	155.8	136.8	13.9%	530.7	492.4	7.8%
Advertisement Expenses	66.2	32.0	106.7%	248.4	299.2	-17.0%
Other Expenses	303.9	236.0	28.8%	926.0	938.0	-1.3%
EBITDA	147.3	258.6	-43.1%	1008.3	775.7	30.0%
EBITDA Margin %	11.7%	23.9%	-510bps	17.5%	14.8%	182bps
Other Income	37.6	35.2	6.9%	177.9	239.3	-25.7%
EBITDA Margin (incl. Other Income)	14.7%	27.1%	-458bps	20.6%	19.4%	62bps
Depreciation	47.4	52.5	-9.8%	209.6	247.4	-15.3%
Interest Expense	24.9	19.6	27.0%	77.2	117.5	-34.3%
CSR Expenditure	-	-		0.8	3.0	-73.3%
PBT	112.6	221.7	-49.2%	898.6	647.1	38.9%
Taxes	43.4	66.1	-34.4%	301.4	205.6	46.6%
PAT	69.2	155.6	-55.5%	597.2	441.6	35.2%
PAT Margin %	5.5%	14.4%	-618bps	10.4%	8.4%	238bps
Total Comprehensive income	69.8	154.6	-54.9%	592.0	428.7	38.1%
EPS	3.18	7.16	-55.6%	27.48	20.32	35.2%

Note – *Quarterly figures as well as annual figures are as per Indian AS.

*Revenue excludes sales of Raw material (Fabrics, Yarns and Trims) and other income.

Q2 FY19 – RESULT HIGHLIGHTS

- ❖ Effective from 1 April 2018, Company has adopted Indian Accounting Standard IND-AS 115, where sale of raw material which was earlier considered as part of revenue is no longer considered in revenue.
- ❖ Raw material has been adjusted with the purchase of stock in trade for the reporting periods to provide more reliable and more relevant information
- ❖ However, there is no impact on Profit due to this change accounting method, below is the detailed impact from IND-AS adoption:

Particulars	Q2FY18	Q2FY19	H1FY18	H1FY19
Decrease in Revenue	307.2	363.0	421.7	605.5
Decrease in Purchases of Stock in Trade	307.2	363.0	421.7	605.5

- ❖ Excluding impact of INDAS, **Revenue has grown at 24% and 19%** for quarter & six months ended 30 September 2018 respectively compared to corresponding periods of previous year.
- ❖ Revenue has moved up during the quarter due to higher contribution from Home Furnishing segment
- ❖ Gross Margin has moved lower due to change in revenue mix
- ❖ We have increased our focus on advertisement, as a results advertisement and business promotion expenses have gone up 106.7% during the quarter

H1 FY18 – CONSOLIDATED BALANCE SHEET

Particulars (Rs Million)	Sep-18	Mar-18	Particulars (Rs Million)	Sep-18	Mar-18
Equities & Liabilities			Assets		
Shareholder's Funds			Non-Current Assets		
Share Capital	217.3	217.3	Fixed Assets	1,494.5	1,551.1
Reserves & Surplus	4,890.2	5,072.1	Non-Current Investments	449.9	376.1
Total Shareholder's Funds	5,107.5	5,289.4	Deferred Tax Assets (net)	43.5	37.0
Non-Current Liabilities			Other Intangible Assets	10.5	11.8
Long-term Borrowings	116.4	128.2	Other non-current assets	188.2	125.8
Other financial Liabilities	141.4	134.1	Total non-current assets	2,186.6	2,101.8
Other Long-term Liabilities	13.9	14.7	Current Assets		
Total of Non-current liabilities	271.7	277.0	Current Investments	855.4	907.2
Current Liabilities			Inventories	3,165.0	2,004.7
Short-term Borrowings	1,339.2	403.4	Trade Receivables	2,195.5	1,926.3
Trade Payables	1,508.7	1,101.7	Cash & Bank Balance	174.3	181.2
Other Current Liabilities	701.3	325.8	Short-term Loans & Advances	7.9	29.6
Short-term Provisions	86.0	33.2	Other Current Assets	429.7	279.7
Total of Current liabilities	3,635.2	1,864.1	Total Current Assets	6,827.8	5,328.7
Total Liabilities	9,014.4	7,430.5	Total Assets	9,014.4	7,430.5

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, Myntra, Amazon and Kapsons

FOCUS ON RETURN RATIOS EXPANSION

- No major capex requirement for over next 2 years. Average sustaining capex is to be in the range of INR 80-100 mn on yearly basis in the next two years
- Ability to sustain Robust growth without any major capex. Therefore Return ratios set to improve.



MONTE CARLO 
It's the way you make me feel

COMPANY OVERVIEW

COMPANY OVERVIEW

BRIEF PROFILE



RECOGNISED BRAND & DIVERSE PRODUCT PORTFOLIO

- Launched in 1984, '**Monte Carlo**' has emerged as one of the leading brands in apparel industry in India
- 'Monte Carlo' is recognized as '**Superbrand**' for woollen knitted apparels by Consumer Superbrands India since 2004
- Under the umbrella brand of 'Monte Carlo', Company has a comprehensive product portfolio across woollen, cotton & cotton blended, home furnishing and kids segments
- The Company has various sub-brands under the Umbrella Brand 'Monte Carlo'
 - 'Luxuria' - premium range for menswear & 'Cloak and Decker' - economy range for menswear
 - 'Denim' - exclusive range for denim apparels
 - 'Alpha' - exclusive range for womenswear & 'Tweens' - exclusive range for kidswear
 - 'ROCK IT' – Premium range for sportswear

WIDE-SPREAD REACH & PRESENCE

- Wide-spread retail presence across India through a judicious mix of EBOs, MBOs and national chain stores located in 22 states & 1 union territory
- As on September 2018, the Company had 242 EBOs (25 EBO – COCO, 217 EBO – FOFO), 2,500+ MBOs and 334 NCS
- E-commerce presence through own portal www.montecarlo.in and www.rockit.co.in as well as tie-ups with Digital platforms such as Flipkart, Amazon, Jabong, Myntra and Kapsons

KEY FINANCIALS

- Consolidated Revenues, EBITDA and PAT were Rs. 5760 mn, Rs. 1,008 mn and Rs.597 mn in 2018
- Strong balance sheet is reflected through high cash balance of INR 1,465 mn (includes cash and bank balance along with current and non-current investments)

BUSINESS OVERVIEW

DIVERSIFIED PRODUCT PORTFOLIO



MONTE CARLO

It's the way you make me feel

RANGES LAUNCHED UNDER THE BRAND – “MONTE CARLO”



Range	Woollens & Woollen-blended	Cottons & Cotton-blended	Home Furnishing	Kids
Monte Carlo – Premium and mid-premium segments for men	Sweaters, Pullovers thermals, woollen accessories (caps, mufflers, shawls, stoles)	Shirts, trousers, t-shirts, track-suits and jackets	Mink blankets, bed sheets and quilts	
Luxuria – Premium range for Men	cash-wool sweaters, blazers, coats	Cotton shirts, trousers and t-shirts		
Denim – Mid-premium Range		Denim trousers (jeans) and shirts		
Alpha – Exclusive range for Women	Sweaters, cardigans	Shirts, t-shirts, tops, trousers, jackets and sweat-shirts		Sweat-shirts
Tweens – Exclusive Kids wear Collection for 7-13 years age group				Sweaters, Cardigans, Shirts, t-shirts and Bottoms
Cloak & Decker – Economy range for men		Cotton and cotton-blended t-shirts		
Sportswear – fitness & fashion wear range “Rock.it”		Tank, Polo T-Shirts, Shorts, Track Pants		

COMPANY OVERVIEW

STRONG DESIGN & MANUFACTURING CAPABILITIES



IN-HOUSE DESIGN & PRODUCT DEVELOPMENT:

- Strong design team of over 30 professionals closely tracking the trending global fashion
- Focus on developing new products, improving existing ones and forecasting fashion trends
- Regular market surveys done by exclusive commissioned agents to understand consumer tastes and feedback

MANUFACTURING CAPABILITIES:

- Three manufacturing facilities in Ludhiana, Punjab -
 - One for woollen apparels
 - Two for cotton apparels
- The manufacturing facilities include facilities for product development, design studio and sampling infrastructure
- In-house manufacturing of woollen knitted apparels
- Outsourced manufacturing of cotton and cotton-blended apparels
- Recently started in-house manufacturing of cotton t-shirts and thermals

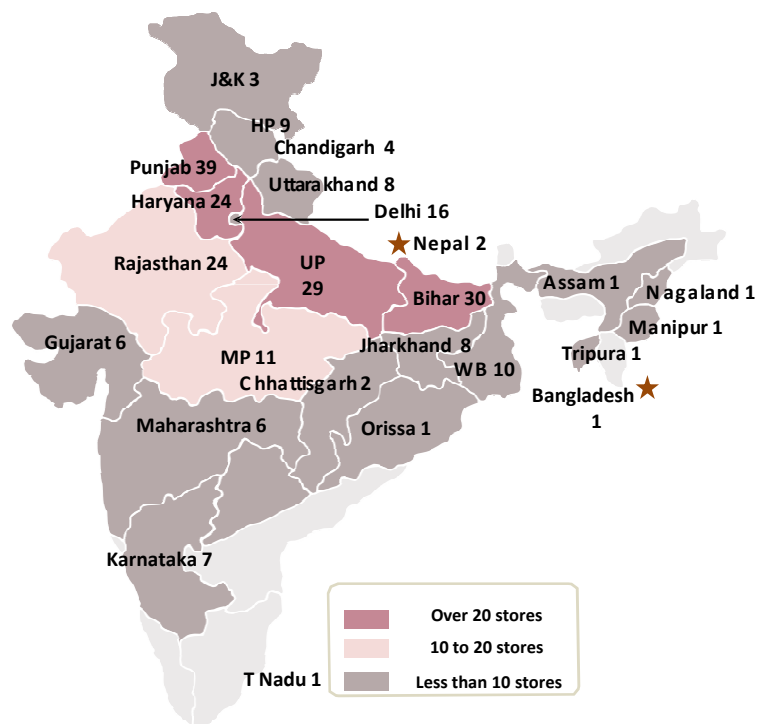


BUSINESS OVERVIEW

OUR RETAIL PRESENCE



PAN INDIA PRESENCE ACROSS 22 STATES & 1 UNION TERRITORY



STORE NETWORK

Type of Store	FY17	FY18	Q2 FY19
EBO – COCO	20	21	25
EBO – FOFO	211	214	217
MBO	2,300+	2,500+	2,500+
NCS	198	283	334
E-Commerce	Amazon, Flipkart, Myntra, Jabong and Kapsons		

MBO – Multi Brand Outlet, EBO – Exclusive Brand Outlet

COCO – Company own Company operated, FOFO – Franchise own Franchise operated, NCS – National Chain Stores

★ Pan India 242 EBOs, excluding 2 EBOs in Nepal and 1 in Bangladesh

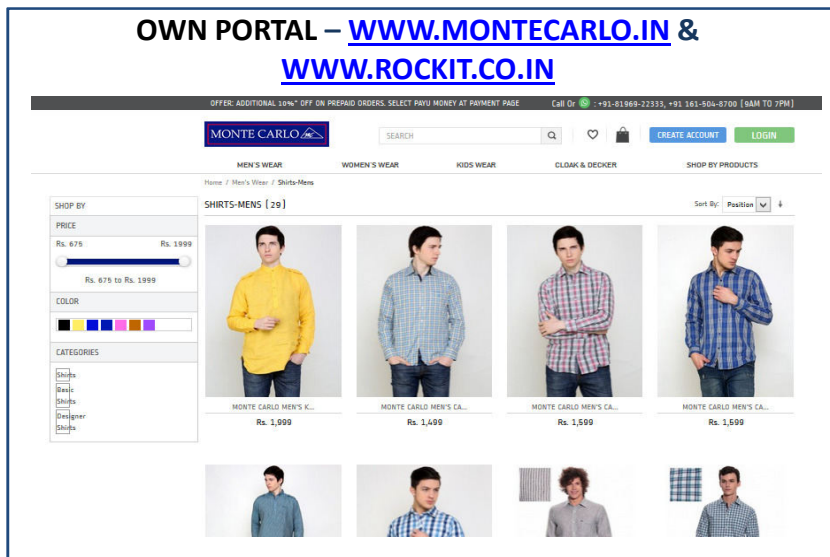
COMPANY OVERVIEW

OUR E-COMMERCE PRESENCE



- Building our presence on e-commerce platform through our own portal www.montecarlo.in & www.rockit.co.in
- Have Entered into distribution agreements with some of the leading Indian digital commerce platforms for online sale of our products

OWN PORTAL – WWW.MONTECARLO.IN & WWW.ROCKIT.CO.IN

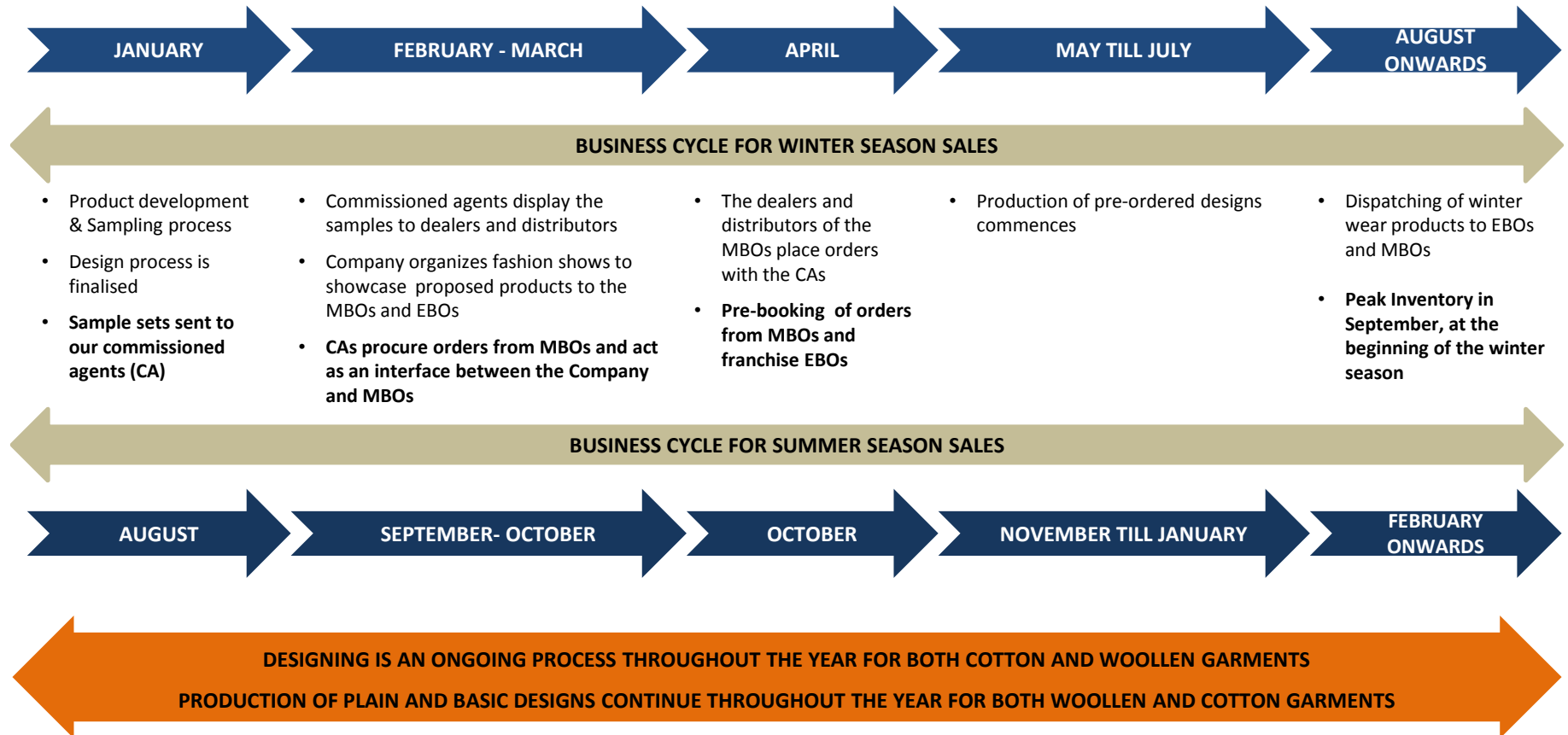


TIE-UPS WITH ONLINE PLATFORMS



COMPANY OVERVIEW

UNDERSTANDING OUR BUSINESS MODEL



COMPANY OVERVIEW

ROBUST DISTRIBUTION MODEL

	MBO	NCS	EBO-COCO	EBO –FOFO
Total Number of Outlets (September'18)	2,500+	334	25	217
% of Revenue Contribution – FY18	55% (NCS Contribute less than 10%)		45%	
Distribution Sale Model	Pre-Booking of orders Outright Sales	SOR – Sale or Return / Outright Sales	Inventory owned by Company	Pre-Booking of orders Outright sale
Inventory Risk	No	Yes	Yes	Minimal 5% - 15 % of Products Return Allowed
Discount Sharing	No	Yes	Yes	Yes Range of 5% - 17.5%
Payment Collection – Credit Risk	Exclusive commissioned 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**

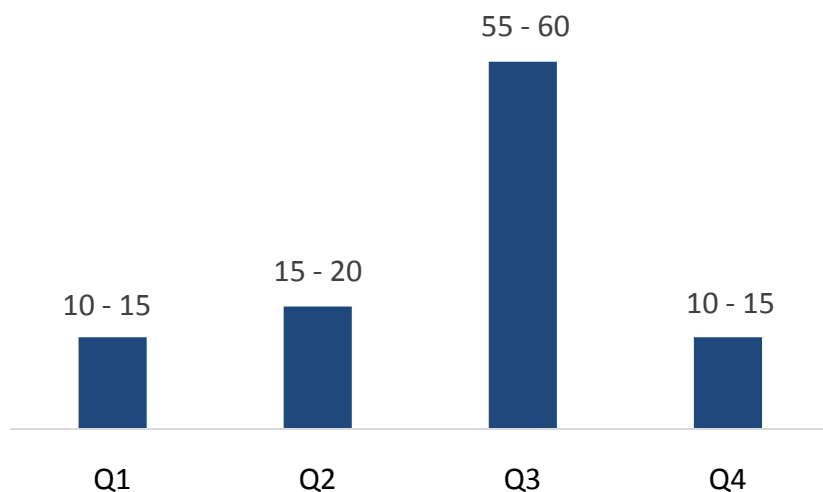
MBO – Multi Brand Outlet, EBO – Exclusive Brand Outlet

COCO – Company own Company operated, FOFO – Franchise own Franchise operated, NCS – National Chain Stores

COMPANY OVERVIEW

UNDERSTANDING SEASONALITY

SEASONALITY IMPACT ON REVENUES (In % terms)



BUSINESS SEASONALITY:

- Q3 generates highest quarterly revenues in any fiscal year
- Q3 typically involves sale of winter products –
 - Woollens / woollen blended - sweaters, jackets, cardigans
 - Cotton / cotton blended - cotton jackets, suits, sweat shirts, full sleeve t-shirts and shirts
- Winter products are sold during October to January.
- Product mix is tilted towards Winter products both in terms of cost and revenues
- The Company is expanding presence in western and southern markets as well as expanding its product offerings in home furnishing and kids segments in order to reduce the overall seasonality impact

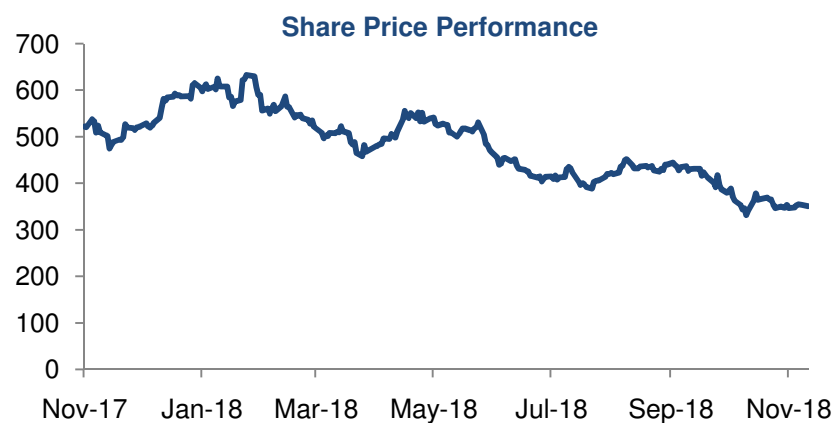
COMPANY OVERVIEW

SHAREHOLDING STRUCTURE



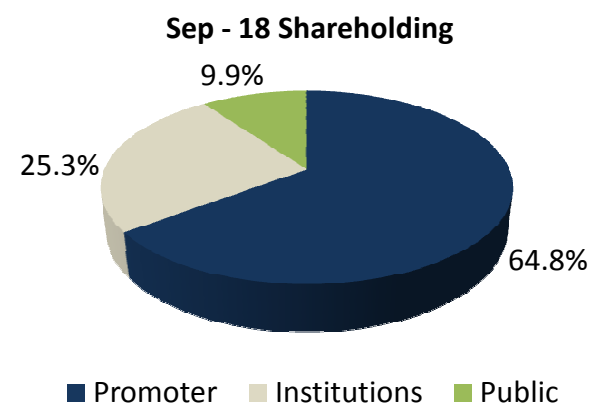
Market Data	As on 12.11.2018 (BSE)
Market Capitalization (Rs Mn)	7,959
Share Price	INR 353
No. of shares outstanding (Mn)	21.7
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	664 – 328

Source – BSE



Key Institutional Investors	% Holding
Kanchi Investments Ltd (Samara Capital)	10.94
Goldman Sachs India	3.64
ICICI Prudential Life Insurance	2.77
Aditya Birla Sun Life Trustee Co.	1.83

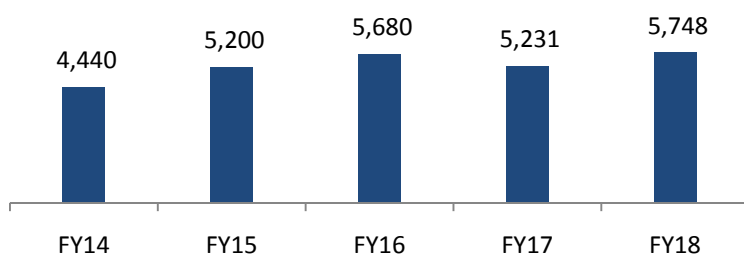
Source – Company / BSE as on 30th September 2018



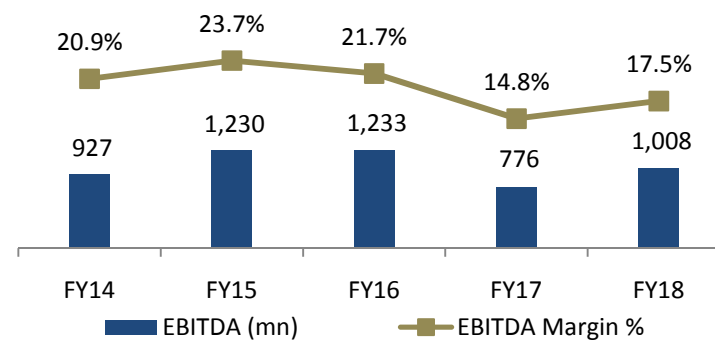
COMPANY OVERVIEW (Annual)

FINANCIAL HIGHLIGHTS

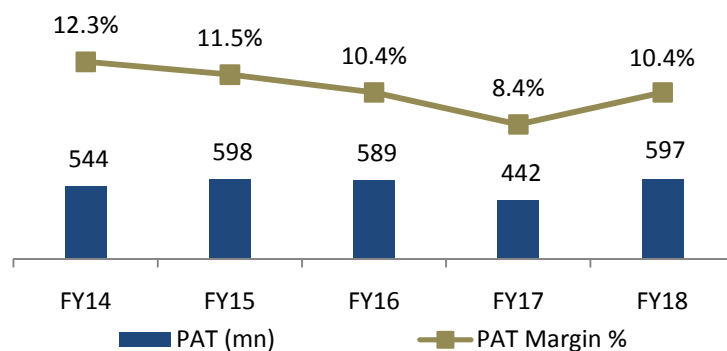
REVENUES



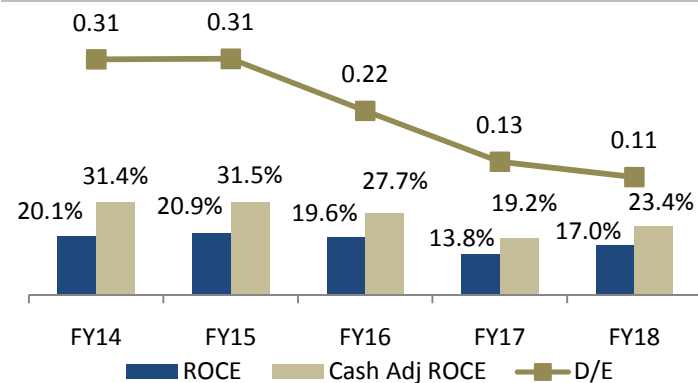
EBITDA* & EBITDA MARGIN



PAT & PAT MARGIN



LEVERAGE & RETURN RATIOS



Note – *Previous year figures have been recast as per Ind AS to make them comparable with current year figures, # EBITDA W/O Other Income
 ROCE: EBIT/Avg. Capital Employed (Capital Employed = Equity + Total Debt), (Cash Adj. Capital Employed = Equity + Total Debt – C & CE)
 # Sales Figures excludes Raw Material Sales (Yarns, Fabrics & Trims).



It's the way you make me feel

Dinesh Gogna

Director

Email : gogna@owmnahar.com



Ravindra Bhandari

IR Consultant

Email : Ravindra.bhandari@dickensonir.com

Contact No : +91 92836 14197

DISCLAIMER

This presentation and the following discussion may contain “forward looking statements” by Monte Carlo Fashions Ltd (“MCFL” or the Company) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of MCFL about the business, industry and markets in which MCFL operates.

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.

In particular, such statements should not be regarded as a projection of future performance of MCFL. It should be noted that the actual performance or achievements of MCFL may vary significantly from such statements.