

**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**

August 01, 2018

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: Q1FY19 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 ended June 30, 2018.

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

Thanking You,

For MONTE CARLO FASHIONS LIMITED

CO. SECRETARY &amp; COMPLIANCE OFFICER

Encl. As Above





**MONTE CARLO** 

It's the way you make me feel

**Q1 FY19**

**INVESTOR PRESENTATION**

July 2018

T I M E L E S S   L O V E







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## Q1 FY19 Investor Presentation

## VISIBILITY FOR STRONG GROWTH

- Well positioned to deliver strong growth for the current year
  - Effect of GST now behind
  - Long term benefit of transitioning from unorganized to organized should gradually accrue
- Cotton scaling above 60% of total FY18 revenue reflecting shift towards Cotton from Woollen segment

## 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 128.2 mn as of March 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)

## 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

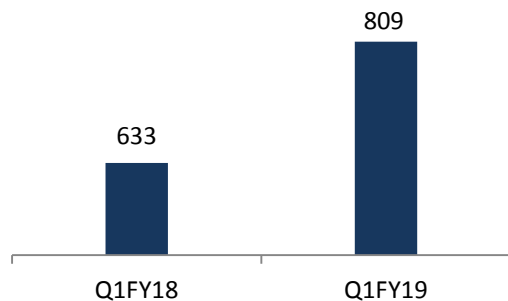
## LOW CREDIT RISK

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

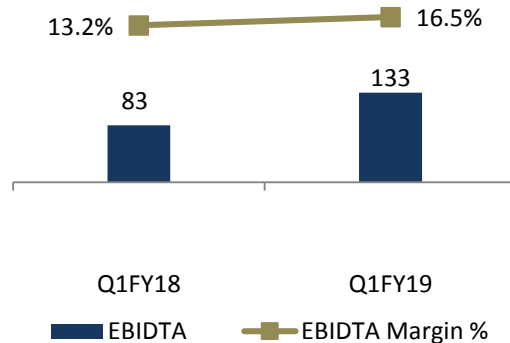
## Q1 FY19 YoY ANALYSIS

In Rs Mn

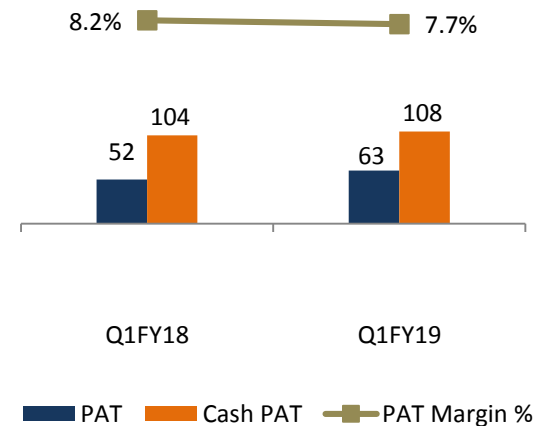
### REVENUES \*



### 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

\* Revenues includes sale of raw materials (Fabric & Yarn and Misc. sales) but doesn't include other income. Fabric & Yarn sales: Q1 FY18 – 117.3 Mn & Q1 FY19 – 245.2Mn

# Revenues is shown net of Excise duty as per Ind AS

## REVENUE \* BREAKUP – SEGMENT WISE

	FY17	FY18	Q1FY18	Q1FY19
<b>Total Revenues (Rs. Mn)</b>	<b>5,289</b>	<b>5,686</b>	<b>519</b>	<b>562</b>
Woollen Segment	28.1%	26.0%	-15.8%	-8.1%
Cotton Segment	58.1%	61.2%	93.4%	86.6%
Home Furnishings	9.0%	7.8%	15.6%	16.8%
Kids	4.8%	5.0%	6.8%	4.7%

### FOCUS ON PRODUCT DIVERSIFICATION

- Focus on cotton products in summers, contribution of cotton in Q1FY19 at 87%
- Positioning as all fashion brand to reduce seasonality impact

# Strong Summer Sales Leading to Overall Growth

Volume Up 7.3%



Price up 7.0%



Sales Up 14.8%

- Lower is leading the summer sales growth with 30% increase over last year
- Bermuda & Capri volume is growing in the range of 20-25% and Shirts volume is growing in the range of 15-20%.
- Monte Carlo T-Shirts already well penetrated has grown at 5% over last year

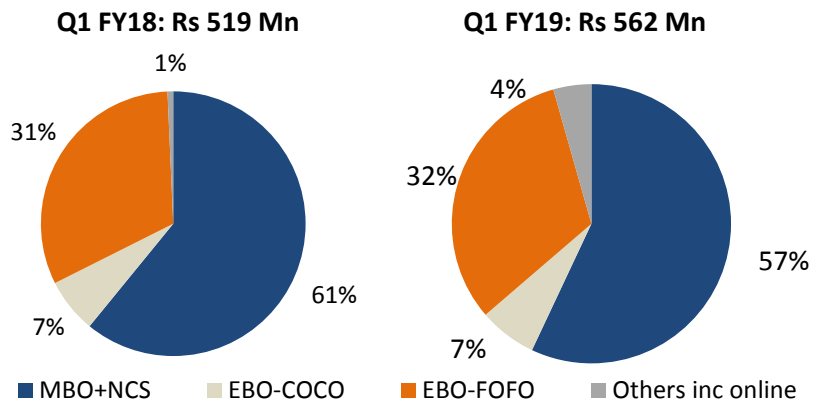
- Monte Carlo T-shirts undergone strong price increase 9% including value mix increase
- Socks, Kurtas items forming small portion of overall sales saw price increase of 20-25%
- Average price of summer item was Rs 653 during current year

- T-Shirts constitute 50% of overall summer sales have grown 14% over previous year
- Shirts represents 16% of summer sales have growth 17% over previous year
- Denims and Trouser sales have grown at mid single digit in current season

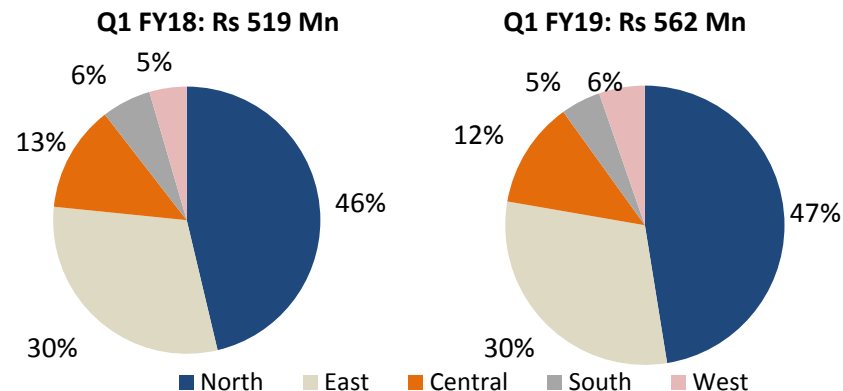
Strong Summer Sales will lead to strong growth and reduce dependence upon winter sales for Monte Carlo



## REVENUE \* BREAKUP – REGION CHANNEL WISE



## REVENUE \* BREAKUP – REGION WISE



- ❑ MBOs contributes major portion of overall revenue, contributed 57% in Q1 FY19
- ❑ Strategic focus to build a pan India presence and achieve regional diversification
- ❑ Sales outside North & East constitutes 23% of overall sales

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

STORE NETWORK				
Type of Store	FY17	FY18	Q1 FY18	Q1 FY19
EBO – COCO	20	21	21	22
EBO – FOFO	211	214	209	214
MBO	2,300+	2,500+	2300+	2,500+
NCS	198	283	204	207

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

- 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 236 EBO's, company has 3 Overseas EBOs in Nepal

MBO – Multi Brand Outlet, EBO – Exclusive Brand Outlet

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

# Q1 FY19 – CONSOLIDATED PROFIT & LOSS

Particulars (in million)	Q1 FY19	Q1 FY18	YoY%	FY18	FY17	YoY%
<b>Net Sales</b>	<b>807.7</b>	<b>632.0</b>	<b>27.8%</b>	<b>6,447.8</b>	<b>5,773.8</b>	<b>11.7%</b>
Other Operating Income	1.6	1.4	14.3%	11.8	10.7	10.3%
<b>Total Income from Operations</b>	<b>809.3</b>	<b>633.4</b>	<b>27.8%</b>	<b>6,459.6</b>	<b>5,784.5</b>	<b>11.7%</b>
Material Costs	242.4	185.7	30.5%	3,745.1	3,279.2	14.2%
<b>Gross Margin</b>	<b>566.9</b>	<b>447.7</b>	<b>26.6%</b>	<b>2,714.5</b>	<b>2,505.3</b>	<b>8.3%</b>
<b>Gross Margin %</b>	<b>70.0%</b>	<b>70.7%</b>	<b>-64bps</b>	<b>42.0%</b>	<b>43.3%</b>	<b>-129bps</b>
Personnel Expenses	135.3	127.6	6.0%	530.7	492.4	7.8%
Advertisement Expenses	77.1	52.4	47.1%	248.4	299.2	-17.0%
Other Expenses	221.3	183.0	20.9%	926.0	938.0	-1.3%
<b>EBITDA</b>	<b>133.2</b>	<b>84.7</b>	<b>57.3%</b>	<b>1009.4</b>	<b>775.7</b>	<b>30.1%</b>
<b>EBITDA Margin %</b>	<b>16.5%</b>	<b>13.4%</b>	<b>309bps</b>	<b>15.6%</b>	<b>13.4%</b>	<b>222bps</b>
Other Income	31.5	52.8	-40.3%	176.8	239.3	-26.1%
<b>EBITDA Margin (incl. Other Income)</b>	<b>20.4%</b>	<b>21.7%</b>	<b>-135bps</b>	<b>18.4%</b>	<b>17.5%</b>	<b>82bps</b>
Depreciation	45.9	51.8	-11.4%	209.6	247.4	-15.3%
Interest Expense	15.6	16.2	-3.7%	77.2	117.5	-34.3%
CSR Expenditure	0.0	0.8	-	0.8	3.0	-73.3%
<b>PBT</b>	<b>103.2</b>	<b>68.7</b>	<b>50.2%</b>	<b>898.6</b>	<b>647.1</b>	<b>38.9%</b>
Taxes	40.8	16.6	145.8%	301.4	205.6	46.6%
<b>PAT</b>	<b>62.4</b>	<b>52.1</b>	<b>19.8%</b>	<b>597.2</b>	<b>441.6</b>	<b>35.2%</b>
<b>PAT Margin %</b>	<b>7.7%</b>	<b>8.2%</b>	<b>-51bps</b>	<b>9.2%</b>	<b>7.6%</b>	<b>161bps</b>
<b>Total Comprehensive income</b>	<b>62.7</b>	<b>51.4</b>	<b>22.0%</b>	<b>592.0</b>	<b>428.7</b>	<b>38.1%</b>
<b>EPS</b>	<b>2.87</b>	<b>2.4</b>	<b>19.6%</b>	<b>27.48</b>	<b>20.32</b>	<b>35.2%</b>

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

\* Revenues includes sale of raw materials (Fabric & Yarn and Misc sale). Fabric & Yarn sales: Q1 FY19 – Rs 208.6 Mn, Q1 FY18 – Rs 99.4 Mn, FY18 – Rs 638.8 Mn, FY17 – Rs 461.4 Mn ; Misc sales: Q1 FY19 – Rs 36.9 Mn, Q1 FY18 – Rs 17.9 Mn, FY18 – Rs 126.8 Mn, FY17 – Rs 93.1Mn

## 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.





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## COMPANY OVERVIEW

### 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 & 'Twins' - 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 June 2018, the Company had 236 EBOs (22 EBO – COCO, 214 EBO – FOFO), 2,500+ MBOs and 207 NCS
- E-commerce presence through own portal [www.montecarlo.in](http://www.montecarlo.in) and [www.rockit.co.in](http://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. 6,460 mn, Rs. 1,009 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)

# MONTE CARLO

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### RANGES LAUNCHED UNDER THE BRAND – “MONTE CARLO”



Range	Woollens & Woollen-blended	Cottons & Cotton-blended	Home Furnishing	Kids
<b>Monte Carlo</b> – 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	
<b>Luxuria</b> – Premium range for Men	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, trousers, jackets and sweat-shirts		Sweat-shirts
<b>Tweens</b> – Exclusive Kids wear Collection for 7-13 years age group				Sweaters, Cardigans, Shirts, t-shirts and Bottoms
<b>Cloak &amp; Decker</b> – Economy range for men		Cotton and cotton-blended t-shirts		
<b>Sportswear</b> – fitness & fashion wear range “Rock.it”		Tank, Polo T-Shirts, Shorts, Track Pants		

### 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

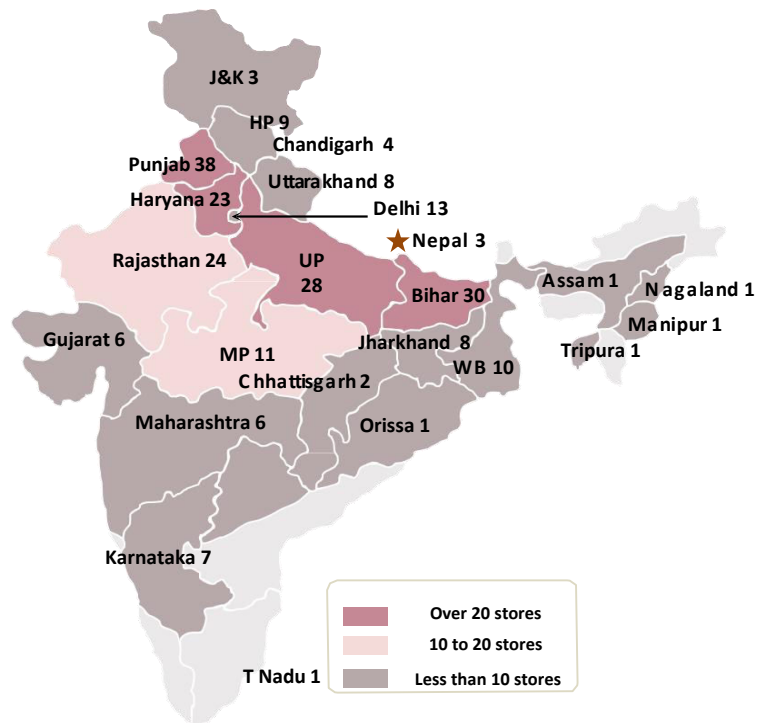




# BUSINESS OVERVIEW

## OUR RETAIL PRESENCE

### PAN INDIA PRESENCE ACROSS 22 STATES & 1 UNION TERRITORY



### STORE NETWORK

Type of Store	FY17	FY18	Q1 FY19
EBO – COCO	20	21	22
EBO – FOFO	211	214	214
MBO	2,300+	2,500+	2500+
NCS	198	283	207
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

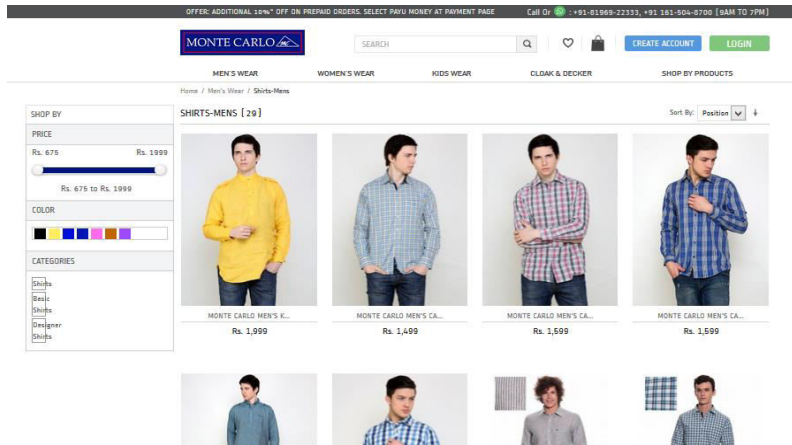
★ Pan India 236 EBOs, excluding 3 EBOs in Nepal

# COMPANY OVERVIEW

## OUR E-COMMERCE PRESENCE

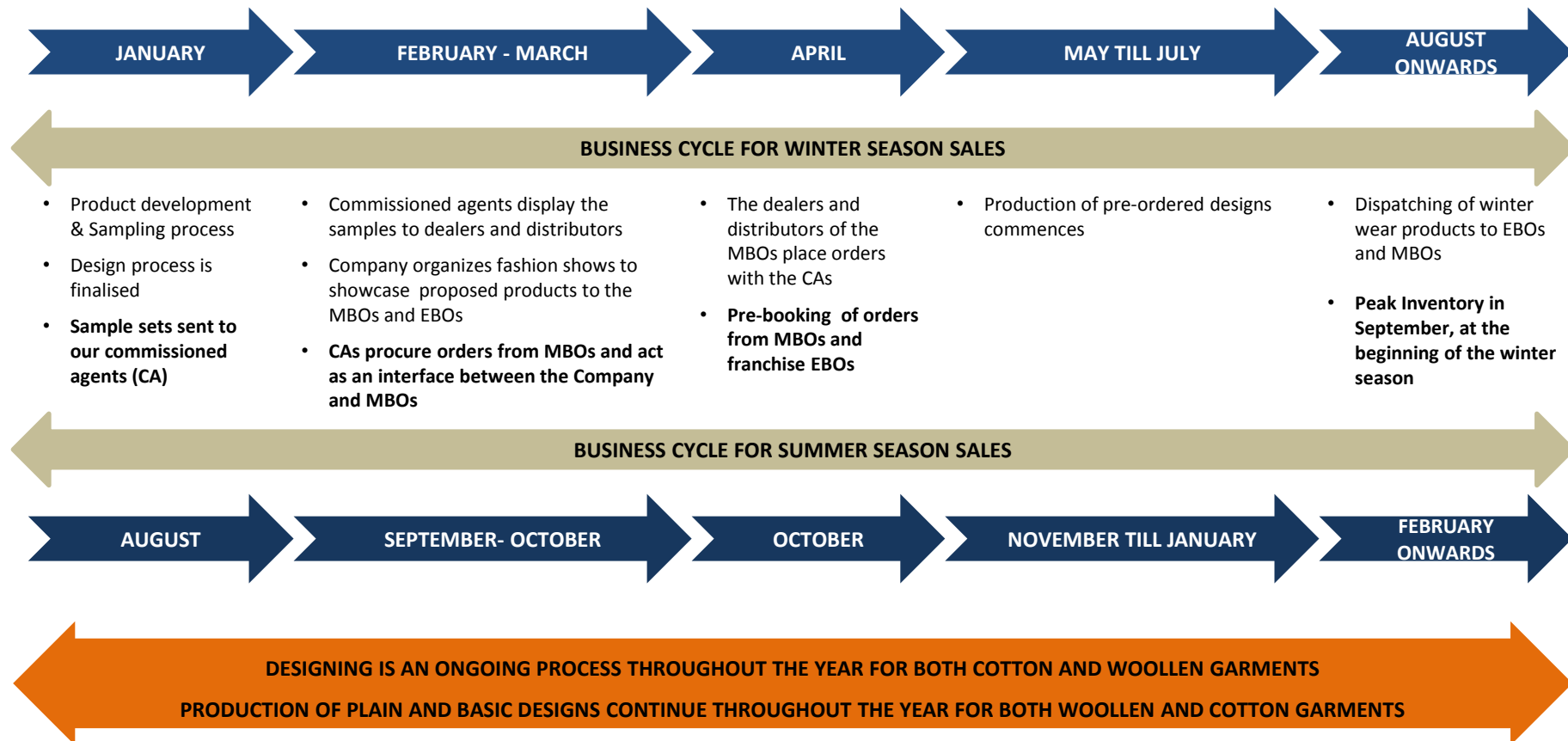
- Building our presence on e-commerce platform through our own portal [www.montecarlo.in](http://www.montecarlo.in) & [www.rockit.co.in](http://www.rockit.co.in)
- Have Entered into distribution agreements with some of the leading Indian digital commerce platforms for online sale of our products

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



### TIE-UPS WITH ONLINE PLATFORMS





# COMPANY OVERVIEW

## ROBUST DISTRIBUTION MODEL

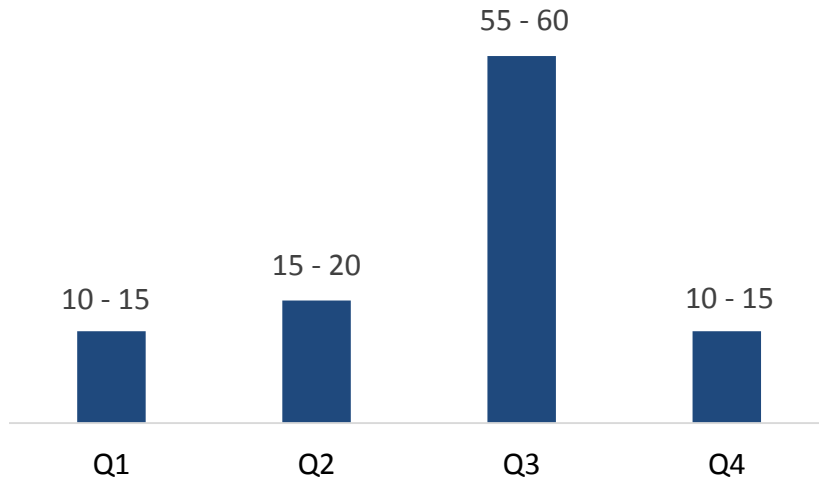
	MBO	NCS	EBO-COCO	EBO –FOFO
Total Number of Outlets (June'18)	2,500+	207	22	214
% of Revenue Contribution – FY18	55% (NCS Contribute less than 10%)		45%	
Distribution Sale Model	Pre-Booking of orders Outright Sales	SOR – Sale or Return / Outright Sales	Inventory owned by Company	Pre-Booking of orders 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



### SEASONALITY IMPACT ON REVENUES (In % terms)



### BUSINESS SEASONALITY:

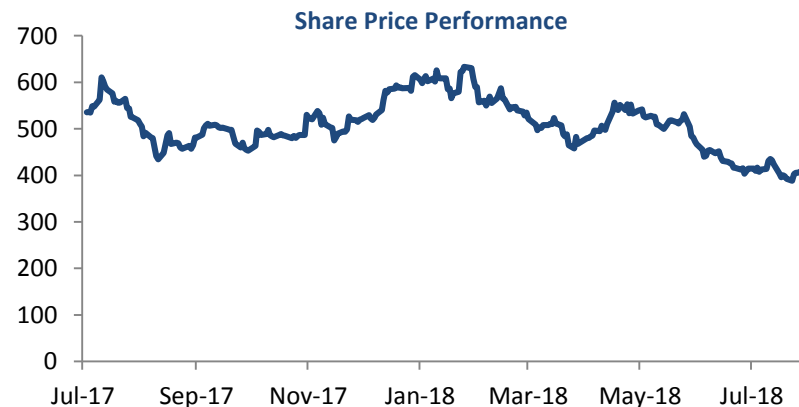
- Q3 generates highest quarterly revenues in any fiscal year
- Q3 typically involves sale of winter products –
  - Woollens / woollen blended - sweaters, jackets, cardigans
  - Cotton / cotton blended - cotton jackets, suits, sweat shirts, full sleeve t-shirts and shirts
- Winter products are sold during 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

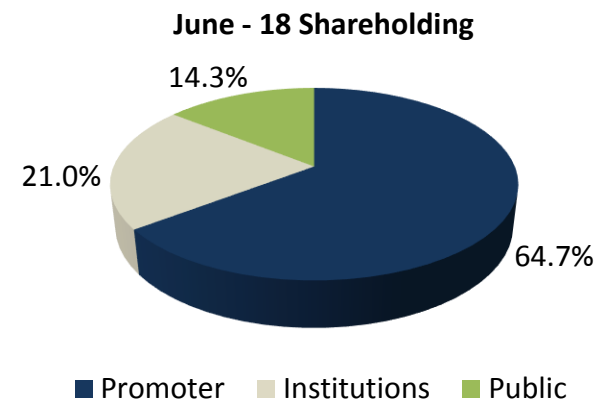
Market Data	As on 30.07.2018 (BSE)
Market Capitalization (Rs Mn)	8,990.4
Share Price	INR 413.9
No. of shares outstanding (Mn)	21.7
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	664 – 384

Source – BSE

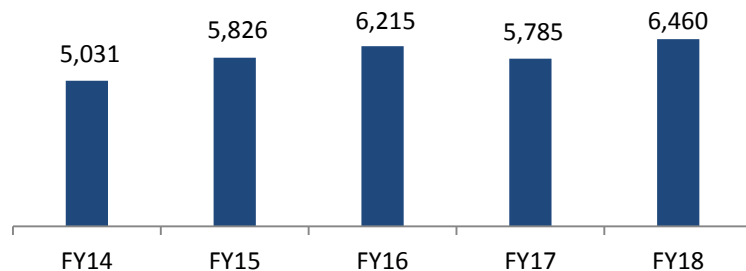


Key Institutional Investors	% Holding
Kanchi Investments Ltd (Samara Capital)	10.94
Goldman Sachs India	3.64
Birla Sun Life Trustee Co.	2.18
ICICI Prudential Life Insurance	2.77

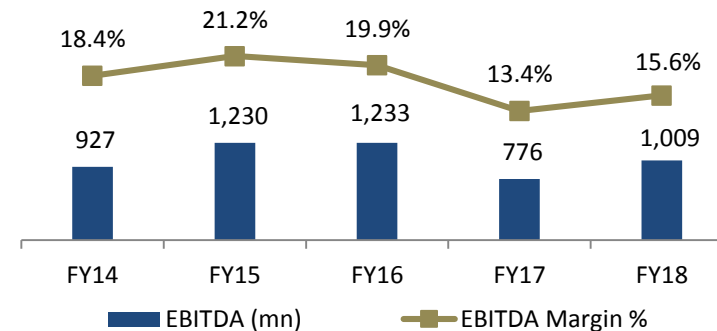
Source – Company / BSE as on 30<sup>th</sup> June 2018



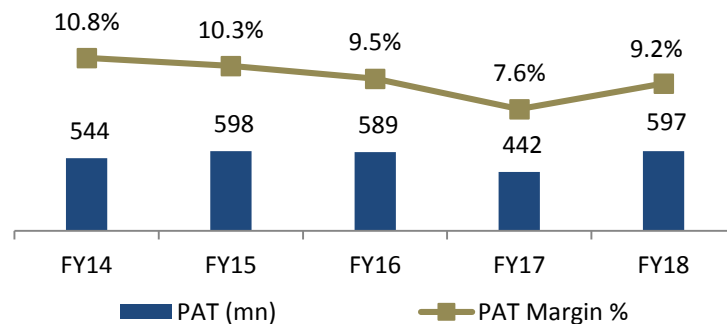
### REVENUES



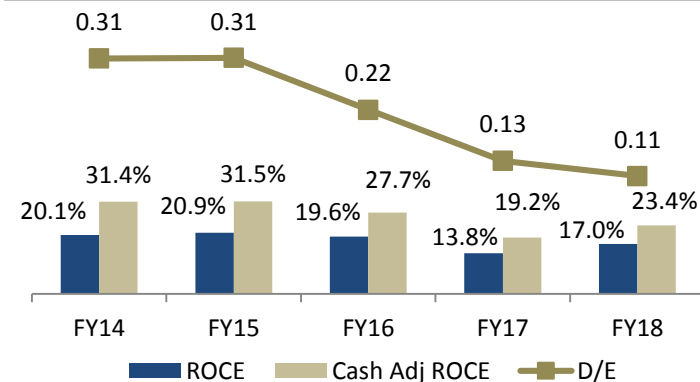
### EBITDA# & EBITDA MARGIN



### 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)



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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.*

*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.*