



“Monte Carlo Fashions Limited
Q3 FY2021 Earnings Conference Call”

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ANALYST: **MR DEVANSHU BANSAL: EMKAY GLOBAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good day and welcome to Q3 & 9M FY2021 Results Conference Call of Monte Carlo hosted by Emkay Global Financial Services Limited. We have with us today from the management Mr Dinesh Gogna – Director, Mr Sandeep Jain- Executive Director, and Mr Rishabh Oswal – Executive Director. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions at the end of today’s presentation. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr Devanshu Bansal from Emkay Global. Thank you and over to you, Mr Bansal!

Devanshu Bansal: Good morning everyone. I would like to welcome the Monte Carlo management team and thank them for giving us this opportunity. I shall now hand over the call to the management team for their opening remarks. Over to you gentlemen!

Sandeep Jain: Very good morning and Happy New Year to everyone joining us on this earning call. It is a great pleasure to welcome you all on behalf of our Board of Directors and our senior management, to this Earning Conference Call to discuss our financial performance for the third quarter and nine months of FY2021. Thank you all once again for sparing your valuable time and joining us here today.

Before sharing the recent developments and strategies undertaken for growth going forward, let me provide the key financial indicators reported during Q3 of FY2021.

Revenue during the quarter stands at Rs 404 Crores as against Rs 403 Crores in Q3 FY2020. The company reported gross margins of 41.8% in Q3 of FY2021. The operating EBITDA margin during the quarter stood at 28.8% vis-à-vis 26.4% in Q3 of FY2020. Revenue for the nine months for FY2021 stands at Rs 513 Crores as against Rs 616 Crores in 9M FY20. The company reported gross margins of 46.5% in nine months of FY2021. The operating EBITDA margin for nine months for FY2021 stood at 22.8% vis-à-vis 20.2% in nine months of FY2020.

We are strategically eyeing for increased revenue contribution from online sales and I am happy to share that the increased traction from this channel. Online sales for Q3 FY21 stood at Rs 18.1 Crores against Rs 13.3 Crores during the same period last financial year. With regards to online sales, we are looking to focus more on selling through our own portals.

The company’s performance during the quarter was encouraging. With the easing of COVID restrictions in most parts of the country, the company was able to operate with full capacity. The company remained focused on stimulating customer demand with various strategic tie-ups.

Monte Carlo continues to enjoy a comfortable net cash position and its medium-term liquidity needs are well covered. With adequate banking limits in place, its ability to service debts and financial obligations on time remains unaffected. Monte Carlo has zero reliance on exports and has a presence in domestic market across India with an extensive distribution network. Good credit terms with our suppliers helps us to operate the business smoothly. No major capex is planned for the next two financial years therefore positive operating leverage expected as the production gain scale.

We are strongly focused towards enhancing our shareholders' value by following an asset-light model. In this endeavor we are focusing on optimizing our asset utilizations, quality, efficiencies, and relationships. While our focus will be to maximize our revenue growth going forward, larger interest is to build profitability by maintaining cost control measures.

If any of you have any queries post this Earnings call, you may connect us or Dickenson World, our Investor Relation agency. We can now open the floor for the Question-and-answer session. Thank you very much.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Zakir Nasir, an individual investor. Please go ahead.

Zakir Nasir: Sir congratulations on a great set of numbers for the third quarter. Sir as we realize that this is mid of February what would be your outlook for the full year would you be able at least on a revenue basis to touch last year this is the question number one and question number two is in the budget there was a 10% increase in import of cotton so would this affect Monte Carlo because I think we use the high-end cotton?

Sandeep Jain: The first question is revenues for this financial year am I right?

Zakir Nasir: Yes Sir.

Sandeep Jain: Actually in the beginning of the financial year we have given the guidance that our revenue will be down 20% to 25% as compared to last year seeing the circumstances at that point of time, but we further revised our guidance seeing the pleasant surprises in the economic recovery, which has happened in last six months and seeing the trends, which is the economy has gained momentum so we are revising our guidance to a degrowth of 10% to 15% as compared to last financial year particularly for this financial year and your second question was the imposing of 10% of import duty on the cotton, see cotton prices in the domestic markets have already risen and it is almost in comparison to the prices, which is there in the international market. So anyhow the prices are almost 15% to 20% up as compared to last year and even if the import duties imposed the price remains around 15% to 20% higher as compared to last year. Yes, there will be pressure on the input cost, which

is going to rise but not in this financial year, it may affect the prices in the next financial year, as now the cotton purchase for this financial year has been done in September, October, but for the purchase for the next financial year will be done in the March, April and May, so it may increase prices in the next financial year not in this financial year.

Zakir Nasir: What is your opinion on the rise in yarn prices because I believe the yarn prices have risen more than the cotton prices, so does that affect Monte Carlo in anyway?

Sandeep Jain: Again, I repeat what I said that in this financial year we will not be going to be affected because we covered our old cotton yarn basically in September and October for the summer production, next year yes, there will be increase in prices as the yarn prices have risen more as compared to cotton prices. The reason being is that the demand is more as compared to last year, so as the economy opened and the demand has come from export region as well as domestic region also. So, the cotton yarn prices have rapidly risen from last year's levels and I think the next year it will increase the input cost and subsequently we need to increase our prices also.

Zakir Nasir: So, you expect them to remain firm for some time to come?

Sandeep Jain: We cannot say that the price will sustain because normally we have seen that anything rises very suddenly so there are some corrections also so I am not sure that whether these increased prices will remain there for next three to four months, but we need to see very cautiously how this price movement happens.

Zakir Nasir: If I may ask just one last question, this is regarding your mix between casual wear and winter wear how do you see that mix panning out do you see any change post COVID?

Sandeep Jain: You are talking about the casual wear and winter wear or cotton and winter?

Zakir Nasir: Cotton and winters.

Sandeep Jain: As we have seen in the last few financial years the cotton segment has been growing in double digits and the woollen segment has been growing single digit so we anticipate that this trajectory will continue and will keep on continuing a double digit growth of cotton garments, but in the next financial year we are very optimistic about our woollen garments also because we have seen that the stocks are very less at the retail level and also at the company's level so that may help us gaining a good growth in coming financial year for this woollen segment also.

Zakir Nasir: Thank you Sir. Thank you and best of luck Sir.

Dinesh Gogna: I just want to add one thing more. As Mr. Jain has informed you that there is a degrowth to the extent of say 10% to 15% in this year this is a revised guidelines, which he has given, so probably he would like to convey to you this thing also irrespective of that thing we are very, very conscious to control our expenditure at all levels resulting thereof though there is a degrowth in the revenue nevertheless our profits are as comparable or rather better than the last year and this endeavor will continue.

Zakir Nasir: Thank you Sir.

Moderator: Thank you. The next question is from the line of Deepan Shankar of Trustline Portfolio Management Services. Please go ahead.

Deepan Shankar: Congrats for good woollen growth. Sir what is the key reason for 14% drop in cotton revenues during Q3 so is it due to lower jacket sales or other cotton goods?

Sandeep Jain: See basically the first and foremost reason is there have been drop in productions because we could not produce as we have limited time for the production of our some of the jacketing material also the major drop is in jackets the reason being is that we are not able to get some fabrics from China, Korea and Italy as there have been some restrictions and also we have not been able to produce because of labor and other disruptions. As woollen sweaters are in-house so we did not face many difficulties in producing the woollen sweaters, but yes as we had outsourcing of jackets and other garments, they affected our cotton segment in this financial year.

Deepan Shankar: This extended winter, so we could see some amount of growth in woollen in Q4 also when compared to last year?

Sandeep Jain: See basically Q4 is basically end of season sales period and the Q4 is basically more of summer sales so we would say the cotton garments is picking up in Q4 and yes whatever stocks we have left we need to clear this in this quarter also.

Deepan Shankar: Higher woollen contribution could have increased our gross margins during Q3, but slightly gross margins have reduced by some 52 bps what is the reason?

Sandeep Jain: See basically the textile sales have gone up so that has affected the gross margins, yes, the textile sale is up as compared to last year so that is the main reason for this, that also affected our gross margins overall.

Deepan Shankar: Also, in the presentation for MBO and distributors you have mentioned that it has gone down to 1572 as compared to last year of 2500 plus so any specific reason?

Sandeep Jain: The reasons are same because of pandemic most of the MBOs did book the same quantity, which they booked pre-COVID levels everybody is very apprehensive, but as far as our LFS, online and EBOs are concerned most of them owned by us so they were very confident but not all the MBOs are confident enough to have the same level of inventory, which they used to carry in 2019, so there is a reason there the sales for MBO and SIS have gone down and also retail have also gone down because the reason being is that at that point of time when the booking happened in April and May not everybody is pretty confident about how this economic recovery will take place in coming six months.

Deepan Shankar: My question was related to number of MBOs, which we have mentioned that is around 1572 MBOs and distributors as compared to 2500 plus MBOs and distributors last year?

Sandeep Jain: It is evident that the number of MBOs which purchased the winter garments are down as compared to last year but still the sales are almost same so that means that the existing MBOs or the MBOs, which have bought they have bought more quantities as compared to last year which have balanced the sales.

Deepan Shankar: We have not built for the remaining MBO and distributors during this year that is why we have not taken them into account?

Sandeep Jain: No, they have not bought any goods in winters in this financial year that is why they have not included. They have their existing MBOs, but they have not booked for the winter quantities because everybody was very confident about the economic recovery which happened in last six months.

Deepan Shankar: Thank you Sir.

Moderator: Thank you. The next question is from the line of Devendra Pandey from DP Financial Services. Please go ahead.

Devendra Pandey: Congratulations on good set of number. Sir can you throw some light on our blended realizations for this quarter versus the same quarter last year and compared to the previous quarter?

Sandeep Jain: You are talking about the cotton segment or woollen segment?

Devendra Pandey: I am talking about the blended but if you wish to give the numbers separately that would be better.

Sandeep Jain: I did not understand what you are saying blended means what?

- Devendra Pandey:** The overall net realizations.
- Sandeep Jain:** The gross margin is 47% and last year it was 48% so it is a drop of around 100 basis points in the gross margin level.
- Devendra Pandey:** No, I am talking about your realization per piece.
- Sandeep Jain:** See we do not have a separate realization per piece as of now.
- Devendra Pandey:** So, do you have segment wise realizations by any chance?
- Sandeep Jain:** Yes, we can ask our finance department to e-mail you all the realizations of all the segments cotton and winter segments.
- Devendra Pandey:** Sure, Sir and my last question would be on our expansion plan, so can you give us some guideline on our capex plan for next two three years?
- Sandeep Jain:** See capex we have already given the guidelines it should be around 10 to 15 Crores going forward for next two financial years and this year capex was I think around 12 Crores as of date and we expect to do three, four more in this three months so it should be 15 Crores and going forward the expansion plans I think we are going to open another 25 EBOs in the next financial year and this year we have added around 17 as of date and there are three, four more are in the opening process in the next one quarter and we are focusing a lot on the online sales, which I think Rishabh can talk about for LFS and online sales.
- Rishabh Oswal:** As you see, the online sales have grown if you compare 9 months of this year with the last year and we are continuing to focus on the online segment we expect to grow by 35% to 40% next year also and in terms of national chain stores we are continuously adding stores and we have also added some new partners with the existing partners also who were dealing only with the men's category they have agreed to do pilots with the women and the kids categories as well. So, these two and we are also increasing our focus on the corporate segment because over there good pricing power is there with us along with good payment terms so that is one more segment where we are focusing.
- Sandeep Jain:** I would like to add here that we are seeing a good growth coming up in textiles also which I think was the only segment which has grown despite the pandemic and we see a good growth coming up in the next financial year as well.
- Devendra Pandey:** Thanks Sir.

Moderator: Thank you. The next question is from the line of Mihir Desai from Desai Investments. Please go ahead.

Mihir Desai: Sir my first question would be on the macro strategy front, so I just wanted to know that from say two years down the line how do we see our product or category diversification?

Sandeep Jain: I think this we have mentioned in our previous concalls also that focus should be on the cotton segment, which is growing double digit and also it is one area which is present around the year and geographically also we are present throughout, which can give a good traction in the coming two, three financial years, but again woollen is from where we started and we are fundamentally very strong as far as our woollen segment is concerned and this is also one segment, which has grown despite pandemic in this financial year as well as we have seen the sales, which was 147 last year it has gone to 153 so growth of around 5% despite there is a production hiccup despite labor disruptions. So, I think the existing segments which are woollen which is our core business will keep on adding growth to the company's business and the newer segments which is like kids, the Cloak & Decker, Rock.It, and our textiles at men's and the cotton segment will keep on giving the growth to the company. So, all this combined we see that we should grow double digit in next financial year as well on this basis.

Mihir Desai: So basically, the dependability on woollen would considerably decrease going forward and kids and home textile should become double digit in say next two to three years?

Sandeep Jain: I do not think that woollen will go down, woollen will definitely grow but it will grow less faster than the cotton segment and other segments so definitely the growth pillars would be the cotton segments, textiles and other areas, which have been growing faster than the woollen segments because the trend is becoming more and more casual, people are preferring more sweaters or the shirts and jackets so that is why it is giving us more growth in winters as well. Both these sectors I think it should help the company to grow in the coming two financial years as well.

Mihir Desai: Accounting questions which I wanted to ask you that if I see the current quarter that is Q3 FY2021 the cost optimization has been very much good so if I want to compare these calls sequentially like for coming quarters. Should I believe that so basically, I am asking this because now we are moving towards normality or the normal business core so how do you see these expenses increase like what can be a normalized expense going forward?

Sandeep Jain: Thank you it is a very good question. Definitely I think in the COVID times there have been some deduction of the salaries, there have been cut in the traveling cost, there have been cut in the advertising cost, there have been cut in other expenses, which was the need of the hour at that point of time, but I do not think that all these benefits will continue in the

coming times, so there are some benefits which are going to stay with us, which has taught us how to manage the business without traveling in some of the places and there are some areas in advertising and business promotion where we used to spend a lot, we used to have a trade shows twice in a year where we used to spend around 4 to 5 Crores, which we have cut down in this financial year and I think we will have some savings in the coming years as well. So there are some areas which will definitely continue in the future as well and there are some areas where we do not have savings going forward and also I would say that in this time there are lot many things which we have learned in nine months which has given savings to the company and those will also continue.

Mihir Desai: Basic EBITDA margin what we can assume?

Sandeep Jain: I think this quarter the EBITDA is exceptional I do not think that it is easy to manage by cutting every cost which we used to cut in this financial year. I think if we see the pre-COVID level EBITDA that is very much possible and improvement of EBITDA from pre COVID level is very much possible.

Mihir Desai: Just last question that the finance cost also would be at similar levels only?

Sandeep Jain: Finance cost will be similar level I do not see a much significant change in this level.

Mihir Desai: Sure, sir so that would be a big positive for the company. Sir, thank you if I have more questions then I will join the queue.

Moderator: Thank you. The next question is from the line of Vipul Shah from RW Equity Advisors. Please go ahead.

Vipul Shah: Sir what we have seen is in a lot of companies the working capital cycles have really benefited most of companies I presume for Monte Carlo also since it is a fairly tightly run ship there are benefits of working capital would have flown in terms of increased cash flow from operations is that understanding correct for the nine-month period?

Sandeep Jain: Yes, you are correct.

Vipul Shah: So then from a stakeholder perspective what Monte Carlo had done in 2019 and it is a stated objective of the company to consistently improve return ratios so is there any thought process or plans of another buyback right now with the board so that with the excess cash which is there in the books consistently improving working capital and the objective of improving return ratios it should be a sort of win-win situation for all the stakeholders, so is the company planning to institute another buyback?

Sandeep Jain: To be very honest this year has been a year for seeing a lot of changes, which is happening in the company and we were all discussing and deliberating on the issues how to survive this financial year with definitely better than others than our peers, so I think focus was definitely on cutting the cost and also to make this company stand out as compared to our peers in this financial year, so no thought has been given particularly in any board meeting about the buyback or about any other areas I think because this was the year where we are just finding and assessing ourselves how we can move ahead in this pandemic. So now I think most of the problems have been sorted out and the country is progressing, economic recovery is happening, vaccination is continuing, so these things may come up in the board meetings in the next financial year as definitely there will be positive cash flows in the company so company will do anything which is best in the interest of shareholders and its investors.

Vipul Shah: Thank you so much.

Moderator: Thank you. The next question is from the line of Zakir Nasir, an individual investor. Please go ahead.

Zakir Nasir: This quarter our advertising expenses have come down notably so would this be the difference would be the trade show expenses, which was not held in this quarter and my second question again would be we were importing some blankets for resale into the Indian markets from China so that import is still on or that has become slightly difficult to do?

Sandeep Jain: So, the first question was about advertising cost and what did the second question import of blankets?

Zakir Nasir: About import of blankets from China.

Sandeep Jain: As far as advertising cost is concerned, definitely it has come down in this financial year as compared to last year because effort was to cut down the cost and I think it will rise in the next financial year, there have been no trade shows also in this financial year usually we used to have for our booking and most of the time online booking has been done, which has saved the cost so that has saved almost around Rs 4 to 4.5 Crores in this financial year and there is a possibility of trade show coming in the future as well so it can increase the cost at that point of time. In advertising we have gone more for digital advertising as the theaters were closed we used to spend around Rs 5 to 6 Crores on theaters in full financial year, but no movies have been released and there have not been any advertising as far as cinemas are concerned, so that has also saved the cost. So, going forward we think that we should be around 2% to 3% of advertising spend we will be doing on the turnover, which we used to do 3% to 4% in the last two, three years. So as far as import of blankets is concerned definitely it is on we are importing blankets and we have imported more blankets as

compared to last year as demand was more as the rural area was never affected, so that is one area where people give blankets in the marriage and wedding season, which was still on and so we were not affected as far as our textile sales are concerned even though we improved from last financial year it has improved by around 5% even though every segment was down but the blanket segment was one which has actually improved as compared to last year.

Zakir Nasir:

Thank you Sir.

Moderator:

Thank you. The next question is from the line of Mihir Desai from Desai Investments. Please go ahead.

Mihir Desai:

Sir just a followup question I just wanted to ask regarding the healthcare segment I think we had mentioned something in Q1 or something?

Sandeep Jain:

See healthcare segment we have started seeing the need of the masks and the PPE kit by our medical fraternity, it was more of a social service from our end I would not say that it was a proper business proposition at that point of time the need was to make available masks to the hospitals and to the medical fraternity so we imported some machines and we produced I think around 40, 50 lakh masks I think only 3 to 4 lakh masks are pending, which we already sold out and now the demand for masks and PPE kit is almost zero there is no demand right now so that segment we already closed.

Mihir Desai:

Sure, Sir thank you.

Moderator:

Thank you. The next question is from the line of Devanshu Bansal. Please go ahead.

Devanshu Bansal:

Sir our relative performance has been much better than the industry, the industry players have reported 20%, 30% decline and we have kind of reported a flattish quarter so obviously we are gaining market share here so what according to you has helped if you can categorize in terms of key things that we have done in terms of channels like EBO, MBO?

Sandeep Jain:

I think the first and foremost thing which has helped us to have the flattish quarter rather than the decline as it happened in other brand was the confidence we have in our brand. I think when we were in March and April when everybody was cutting down their production we were just thinking of how we can increase our production and how we can continue our operation and how we can start the operation despite the difficulties which we were facing in labor disruptions and other areas. So I think that was a trust we have in our brand and most of the brands basically could not produce the winter garments and also they were very apprehensive of the fact that how this COVID will last and how this will affect, so we took a risk, we just streamlined our production lines and we just did whatever best we could do

to produce the required garments, which were required for our EBOs and LFS, so I think that has helped the brand to have the pre-COVID level sales, which we did in last financial year so that was I think definitely I would say that this has been our best quarter till date as far as Monte Carlo is concerned and I have seen the results of our other apparel brands also. You are right there have been decline of around 20% to 30% and there have been decline in EBITDA and margins as well. I think this has helped us planning about the production and also about the demand prospects, which is coming up on the way.

Devanshu Bansal: If we take only about MBO channel obviously that remains impacted as you also highlighted like only about 1500, 1600 distributor placed orders with us so just on this how our secondary sales in the MBO channel maybe that may help in the primary sales in the coming quarters?

Sandeep Jain: I would ask Rishabh to answer this.

Rishabh Oswal: See in MBO we have two segments one is the outright MBO sales and the second is SIS sales it is we do not track the secondary sales of the MBO market it is just through the information that we hear from the agents and retailers. As far as SIS sales are confirmed it is at par with last year so we are having the same sale through rate as we had last year so and we are expecting a good growth in the booking for next year as well. For MBOs unfortunately we do not have the secondary sales data, but the feedback has been good in that segment as well.

Devanshu Bansal: Outright sale to you.

Rishabh Oswal: That is an outright sale for us.

Devanshu Bansal: Sure, that is it from my side.

Moderator: Thank you. The next question is from the line of CS Chaudhary from CFS Financial Services. Please go ahead.

CS Chaudhary: I have a question on competition I have noticed that there have been some international brands, international chains, which are into winter garments things like Uniqlo and all very well-established products, how do they affect you?

Sandeep Jain: See Uniqlo has come up in last financial year and if we see Zara and H&M they are almost 6 to 7 years back, definitely they are present in the market, but I think that we have our own niche as compared to some of our privileged customers and loyal customers to Monte Carlo brand we have been there in this market for the last 30 years so we have a very loyal base of customers so which is continuing to spot the brand, even in this pandemic also we have

seen that the customers are definitely spotting the Monte Carlo brand vis-à-vis other brands, so yes those brands are definitely providing a competition to us, but they are not present in all the cities they are only present in some of the metros and we are present almost I think every nook and corner in northern, eastern and central region so that is the base we have as compared to those brands, but definitely yes the competition is still there and competition can only help us to improve our service and our products as well.

CS Chaudhary:

Just to press on a little bit I do appreciate the management as Monte Carlo brand is a very, very strong brand so what I was actually looking at was the positivity that once you have a strong brand and other brands also who have strong brands in the international market when they come in they make impact so same way in the innovative marketing like digital and online I think Monte Carlo looking at it positively should endeavor to make a much better mark and give a run for the money to these international brands do you have a comment?

Sandeep Jain:

We are doing that, we are doing our best to whatever you said that run for a money so we are trying our best, there are areas where I think these brands I have not reached many cities in India as well as in many other parts of the country so we are present there and we welcome them to come over there and give us the competition at the same time they are present in metros and we have seen that they are present in Delhi or in some other areas our sales have actually grown even in the same mall where they are present like they were not there before if we compare our sales of last two, three years actually we have grown even if those brands have come up so definitely every brand has its own advantages and disadvantages. We have our loyal base of customers which is spotting us and definitely when the new brands come like Uniqlo, H&M and Zara they also give us more things to work harder on our products and our designing team is actually working harder on them so that we can definitely compete with them in the future.

CS Chaudhary:

One last question that during this COVID times there has been a general perception that there has been a very tough time for small and medium enterprises and in the kind of in every product line, in every manufacturing activity there are suppliers who are in the small and medium sector as well as end product industry is also there in the small and medium sector so do you think that in terms of competitive intensity you would have been better off because that the small and medium sector has been very seriously affected as far as your end product line is concerned as the competitive intensity decreased in anyway and also in terms of your supply chain any vendors did you have any problems that some of the small and medium people perished or went down and were not able to recover that is my last question Sir?

Sandeep Jain:

Yes, thank you I think the first I will come with the second part the vendor part. I think it was our responsibility and our duty to spot the vendors in the pandemic, so at that point of

time there has been a crunch in the liquidity, the small manufacturers or vendors they did not have the money to pay the labors so we paid them in advance, we also paid them the cash payments whenever they supply the goods just to spot our vendor base because they were the ones who were spotting us for the last so many years so it was our duty and responsibility to have them in this time of pandemic so that they can also provide and supply us in time and that actually happened, so when we spotted them in the March and April so they supplied us the goods in time and it did not happen with some other small vendors who are there with other brands as they have delayed the payments so those vendors also provides us Sir please give us the goods as Monte Carlo is helping their vendors I think these kind of steps and these kind of things we need to do even as a humanity also and as well as in the interest of business also, if you are not spotting your vendors and partners definitely you would not be spotted in your business as well, so that is what we have learned that in the time of difficulties we have to spot each other to get things going. What was the second question?

CS Chaudhary: Reduction in competitive intensity at the product side.

Sandeep Jain: Yes, so what happened is that at that point of time when the pandemic happens so one problem was the lockdown so okay that many people knew that the lockdown is coming but the second biggest problem which was coming was the going back of the labor, so the government has not done anything at that point of time that how to stop the immigrant labor, which was staying in various industrial cities in Ludhiana also and the industrialist were not paying the money to them so the workers did not have any options except to go back to their homes and have their living over there, but what we did is that we paid the labor, we knew that this pandemic is not going to last for months so it is the only question of 15 days, 20 days or one month time it does not bother us to because they were working with us for last so many years, we help them to stay and that is one area, which has helped to resume the productions in April itself most of I think companies they could not start their production in July as well because of labor production but we could start the production by April end itself, which was I think one of the few in industry and yes there were many small and medium enterprises as you have rightly said because labor was not there, because financials were not there so they could not have their presence till July so that has affected them badly and that is also one of the reasons that some of the industry could not produce the required goods in time and they could not supply timely goods to various brands and to the retailers also.

CS Chaudhary: Thank you so much. Very nice interacting with you Sir.

Moderator: Thank you. The next question is from the line of Devanshu Bansal. Please go ahead.

Devanshu Bansal: How is the discounting trend in the market as of now which you are seeing in the month of January?

Sandeep Jain: It has not changed it is same as last financial year people knew that the discounts are coming every year and so normally what happens is that after December 20, 2020 the sales normally go down because they knew the brands particularly international brands because it would not have a patience at all so they just start the discount in a mid December as well so we need to when everybody else is on the discount season so we just cannot say that we can open the discount so we have also given the discount in last week of December and January is as usual everybody is giving 40%, 30% discount, in February first week everyone is giving a flat 50% discount, which is still continuing in Monte Carlo as well so discount for season is almost same as compared to last year.

Devanshu Bansal: One last question from my side so you mentioned that we do not have much presence in exports currently but with government of India announcing these textile parks seven textile parks any benefits that we can derive out of these incentives?

Sandeep Jain: We need to read the policy thoroughly unless and until we go through it thoroughly, I think it is not prudent on my part to comment on this policy.

Devanshu Bansal: Okay that is it from my side. Thanks for taking my questions.

Moderator: Thank you. As there are no further questions, I would now hand the conference over to the management for closing comments.

Sandeep Jain: Once again thank you all on behalf of Monte Carlo's management and please feel free to write if there is any query which has not been answered in this conference call. Thank you very much.

Moderator: Thank you very much. On behalf of Emkay Global Financial Services Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.