



“Monte Carlo Fashions
Q1 FY2019 Results Conference Call”

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ANALYST: MR. ASHIT DESAI –EMKAY GLOBAL FINANCIAL SERVICES

**MANAGEMENT: MR. SANDEEP JAIN - EXECUTIVE DIRECTOR – MONTE CARLO FASHIONS LIMITED
MR. DINESH GOGNA – DIRECTOR – MONTE CARLO FASHIONS LIMITED**

Moderator: Good day ladies and gentlemen, and welcome to the Q1 FY2019 results conference call of Monte Carlo Fashions hosted by Emkay Global Financial Services. We have with us today on the call Mr. Dinesh Gogna – Director, Mr. Sandeep Jain – 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 after the presentation concludes. Should you need assistance during the conference call, please signal the 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. Ashit Desai from Emkay Global. Thank you and over to you!

Ashit Desai: Thanks Ali. Hi everyone. We welcome the management of Monte Carlo and thank them for giving us this opportunity. I am handing over to the management now for opening remarks. Over to you Sir!

Sandeep Jain: A very good afternoon. Dear ladies and gentlemen, it is a great pleasure to greet you all on behalf of our Board of Directors and our senior management.

We begin by thanking you all for sparing your valuable time in joining us here today to discuss our Q1 results for the FY2018-2019. Before updating our operational and financial performance I would like to talk about overall industry and the general trend in the sector. Post-successful implementation of GST we are seeing stabilization process and adoption of new tax regime progressing well. Government is also supporting the industry by reducing tax rate on certain items and simplifying the process under GST.

As stated earlier we believe this could be a long-term positive for the organized sector and the tax evasion from unorganized sector will definitely become difficult. Monte Carlo began the financial year 2018-2019 with a strong note, our revenue during the quarter stands at 80.7 Crores which is 27.8% higher as compared to last year Q1. EBITDA margin during the quarter stands at 16.5%, which is 309-basis point higher the corresponding period last year. Net profit during the quarter stands at Rs.62 million which is 19.8% higher than the Q1 of FY2018.

At Monte Carlo we continue our endeavor of operating a leading branded apparel company. Over the years, we have successfully expanded our horizon and diversified our business operations. We have created a comprehensive range of wool and cotton, cotton blended, knitted and woven apparels, and home furnishing through some of our range under umbrella brand name Monte Carlo such as Platine, Denim, Alpha, and Tweens under Monte Carlo. We have also added four segment brand ‘Rock it’.

One of our key strengths has been our wide and growing distribution network with a holistic presence across India. We have a deep presence across India through 2,500 plus Multi Brand Outlets(MBO), 236 EBOs and 207 national chain store outlets.

Majority of our net revenues comes from MBOs and franchise EBOs where we primarily sell on preorders and outright basis. By virtue of this business model, there is no major inventory risk and we remain adequately insulated from the normal hazard sales in the branded apparel business.

I would like to highlight that till date we have experienced almost zero bad debt in our business, which stands testimony to our strong business model based on a zero-credit risk policy for the company.

I would like to briefly talk upon the performance for summer sales during this year. Summer sales constitutes basically from February – June the volume is up 7.3%, the prices higher by 7% so as a result the overall revenue from summer sale is higher by 14.8%. T-shirt constitutes almost 50% of the summer sales and rest comes from the shirts from the Denims.

Commenting on our balance sheet, last two years we have constantly been making effort towards reducing the debt levels within the business. Our debt equity ratio right now is 0.11 showcases the balance sheet strength of the company which can be used for faster growth and to reward the shareholders. At the end of financial year 2018 we had 146 Crore of cash and cash equivalence on our balance sheet reflecting the inherent strength of our business. And we definitely remain optimistic about a future growth and earning potential. We believe that we have built a strong foundation for the future with sustainable and profitable growth for the long-term.

We plan to diversify our pan India presence by increasing our penetration into all the regions of India. Our current strategy is to establish a brand on a pan India basis with increasing focus on western and southern India. We have already made an encouraging beginning towards this goal. We are strongly focused towards rewarding our shareholders by following an asset light model in this endeavor we are focusing on optimizing our asset utilization, quality, efficiencies and relationships. We have enough capacity headroom to see us grow continuously in the near future and we do not envisage any major capex for the next two years during which our growth will primarily be achieved from higher capacity utilization.

We once again thank you all of you for sparing your valuable time and joining us here today. We can open the floor for question and answer session. Thank you.

Moderator: Thank you very much. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Deepan Shankar from Trustline Portfolio Management. Please go ahead.

Deepan Shankar: Sir you have told us that the summer sales have been quite good and we have grown by 14% but overall as a split the cotton segment has not grown year-on-year so 485 Crores to 487 Crores only in the Q1 so anything to comment on that?

Sandeep Jain: If we talk about the summer sales, summer sales basically happens from February to July-August so right now we are sitting in end of the July so we made comparison how much summer sales we did last year from February to June, because this summer sales happens in two quarter some of the dispatches happen in February-March and some of the dispatches happens in June-July so we have seen that we have grown 7% in volumes and 7% in price so overall growth in revenue of summer sales if we compare year-on-year is 14%. And you are talking about the 485 Crore that constitutes the winter sales also. Winter sales happen in month of October-November-December and some of

the cotton garments are being sold like Jackets and sweatshirt in winters also. So right now, we are comparing the sales of last year of summer with this year and now onwards we will have the winter sales of cotton garments as well and we are seeing that we are very optimistic about the growth of our winter wear cotton products also this year so that is why earlier we have shared with the press also about the growth process for this financial year.

Deepan Shankar: Okay so that means we can assume that there was negative growth of winter products in the cotton segment during this last quarter?

Sandeep Jain: No, last year there were heavy discounts in the March quarter, which reduced the sales. The growth was not negative but the price realizations was because we have to minus the discount from our revenues so that is why the revenue went down in the March quarter otherwise the growth was positive as far as volume sales were concerned.

Deepan Shankar: So how has been the debtor's position during last quarter Sir March it was little higher?

Sandeep Jain: Yes we improved a lot the debtor has come down to around 157 and if you see then we have made the recovery faster as compared to the last quarter March 31 and last quarter June 30 so in that sense the company is now putting more focus and attention on reducing the debtor level and it also come down if we compare on Y-o-Y basis also.

Moderator: Thank you. The next question is from the line of Niraj Mansingka from Goldman Sachs. Please go ahead.

Niraj Mansingka: Just a repeat on the question see if you see Q4 the cotton revenue grew almost 4%-5% and if you look at Q1 your cotton revenues fell by 5% but even if I assume that there was summer sales between February and June so can you please do this math's if you could explain me once again because those do not really add up?

Sandeep Jain: Yes, that is a good question. I think I would like to explain it further for rest of the participants also in the conference call. What happened in the last quarter it was an end of season sales period. In end of season sales period even though the cotton which we had supplied sales on the fresh, but there are cotton garments which are already being present in the winter wear category which are being sold at discount. So that if I talk about only summer quarter which we are talking right now which is T-shirts, Shirt, Trouser, Denims, Capri that segment year-on-year has grown 15% as compared to last year but the winter wear segment of cotton because of higher discounts that actually fell down little bit in the last quarter. But in summer wear category it has grown.

Niraj Mansingka: Okay so how much would be the proportion of cotton revenues would be the summer wear and how much would be the winter wear?

Sandeep Jain: See if you talk about it, I think I can give you a figure of all the categories in that case the woolen constitutes almost around 30% of the revenues and the balance comes from the cotton wear

categories and in cotton categories if you talk about the revenue breakup it is around 60%-65% in case of winter wear category and 35% in case of summer wear categories.

Niraj Mansingka: And for the last quarter would be how much the same 30%-35%?

Sandeep Jain: I need to check it again for the last quarter how much was the contribution on the winter wear category and how much I can come back to you little later on that.

Niraj Mansingka: Sir the second question I had can you briefly talk about the inventory of woolen in the industry and how do you see and also the pricing of woolen and how do you see the environment going forward?

Sandeep Jain: I would say that we are very fortunate to have the minimum inventory in this year as compared to last year and last so many years because of the already liquidation which happened in the last quarter of this financial year. So, we are sitting pretty good on the inventory side and I see that there has been some fluctuation in the price in the woolen category some of the wool price have gone up but there have been passed on to the consumers as well. So as far as company is concerned we are hopeful to maintain our margins in woolen category this year.

Niraj Mansingka: But if the woolen prices have gone up you would make higher margins right?

Sandeep Jain: Yes, it has gone up the raw material has increased so that in the end prices also, so the margins will remain same but the end product price have increased because of higher material cost.

Niraj Mansingka: Okay Sir. I was more talking on the inventory gains in the woolen prices go up so that will also be booked by you as higher margins right?

Sandeep Jain: Yes.

Niraj Mansingka: Any inventory gains that you see to book on the going forward season because of the high prices of raw materials?

Sandeep Jain: No. We are sitting with the nil inventory of woolen wear this year. We do not have a stock of last year winter wear stock and if it is there it is only by the EBOs (Exclusive Business Outlets) but that stock is also quite less as compared to last year, so I do not see any inventory gain as far as woolen price hike is concerned.

Moderator: Thank you. The next question is from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: My questions are been answered. Thank you.

Moderator: The next question is from the line of Kush Gangar from Care Portfolio Managers Private Limited. Please go ahead.

- Kush Gangar:** What can be the turnover of a company at full capacity or conversely what is our current capacity utilization?
- Sandeep Jain:** Right now we have adequate capacity as far as woolen sweaters are concerned so there are two divisions. I will just give you in little detail one is cotton division and second is woolen division. In woolen division we have a capacity of around 1.8 million pieces that depends on the designs also time it become 1.7 if designs are complicated sometime, it becomes 1.8 so we have adequate capacity for this year as well as for next year. As far as cotton garments are concerned it is a part of the garment only T-shirts and thermal, which we make in-house and we have adequate capacity and rest of the all cotton garments are sourced from outside vendors. So, there is no capacity constraint as far as outsourcing and also the in-house production is concerned.
- Kush Gangar:** Okay and we also mentioned that we are sitting on very good cash balance so how do you plan to utilize the cash?
- Sandeep Jain:** See definitely this question is being asked us from last two years and company is very serious and this year we have become more serious look for the acquisitions and some of the places, but unfortunately nothing has been closed yet, but we still remain optimistic that we should have something in our hand as soon as it can be.
- Moderator:** Thank you. The next question is from the line of Vignesh Shankar from Aditya Birla Private Equity. Please go ahead.
- Sunil Jain:** **Sir**, you have mentioned in the notes that your revenue is net-off GST this year and for last year it is net-off VAT so if you gross up both the revenues actually what is the to revenues in Q1 last year versus Q1 this year and then how does that growth look because that is the real growth?
- Sandeep Jain:** I think we have not made that comparison but that would be higher because GST now is around 12% which was 5% in case of VAT and 2% CST so it will increase if I compare the net revenue.
- Sunil Jain:** This is net off 12% GST 880 Crores and 63 Crore you are saying is net off VAT of 5%.
- Sandeep Jain:** Yes.
- Sunil Jain:** And VAT was 5% plus 2%?
- Sandeep Jain:** See local state VAT was 5% and the CST was 2% so together it was around 6.5% something like that because when you bill it on WSP the CST value comes around 1.5% and 5% is a local VAT so it was 6.5% last year.
- Sunil Jain:** So that this 63% growth will actually be closer to 35% growth type?

- Sandeep Jain:** No, it cannot be exactly like that because there are some cotton garments where duty is 5% and there are some Rs.1,000 above garments where duty is 12% so the average comes around 10%, so you can have 3% to 4% jump as compared to last year.
- Sunil Jain:** That is what I am asking that the 27% growth that you are showing will be on a broad basis it will be around 31%.
- Sandeep Jain:** Yes, 31%.
- Sunil Jain:** Okay and the next question is in terms of the seasonal because you have always given a guidance in terms of good monsoon means good winter so what is your experience on offtake in this quarter how is it looking given your seasonal changes and your actual offtake which you are catering to?
- Sandeep Jain:** I'm happy to say that we have never been so optimistic as we are in this year as compared to last two three years because we have good order books in our hands, monsoons have been very good as far as I think Northern India is concerned. The monsoons are excellent also on time that will definitely help the economy to grow here particularly in this region and when the monsoon is good we have seen over last many years the winter season is also good. Being now GST in place, the stabilization is there, organized sector is picking up, so we remain more optimistic as compared to last two years as far as our revenue targets are concerned.
- Sunil Jain:** And you had given a guidance of around 18% growth in the March quarter?
- Sandeep Jain:** No, we never said that the guidance normally comes in this quarter and we are giving the target of 15% revenue growth for this financial year.
- Sunil Jain:** Okay, with the similar margins.
- Sandeep Jain:** Yes, maintaining the last year's margins.
- Moderator:** Thank you. The next question is from the line of Ankit Kedia from Centrum Broking. Please go ahead.
- Ankit Kedia:** Sir if I look at your revenue growth from the core segment is only 8%-8.5% while if I look at a fabric sales has grown more than 100% so does that give us confidence that the season as you in the last question eluded that we are very optimistic on that and hence we have procured higher fabric and atleast the inventory is going to be very strong if not the sales?
- Sandeep Jain:** No. There are two reasons for fabric sales to go up. The first reason is that the order booking is more as compared to last year so we will have to bill more fabric to the vendor and second reason is that we have started the production earlier as compared to last year so if you see the fabric has been sold in August also, fabric has been sold in September also, so the overall fabric sales will proportionately rise the garment sales will rise but it is hitting more in this quarter before the production has target earlier as compared to last year.

- Ankit Kedia:** And Sir why have we started the production because more quantities need to be produced?
- Sandeep Jain:** No because we want that supplies to happen end by October 31, last year it ended at November 15, so we have started almost 15 days ahead of last year's production schedule.
- Ankit Kedia:** Sure. Sir my second question is how is the performance of 'Rock-it' coming in we were trying to look at it apart from online offline distribution as well so what is the status of that?
- Sandeep Jain:** 'Rock-it' was launched only online last year and we see that the sale was around 35 lakhs in this quarter and it ended around 1.5 Crore last year. And now we see that online is not the only medium where we can push the sale through so we have tied up with Pantaloon and now we are putting up 20 Shop N Shop Stores at Pantaloon for 'Rock-it' launching so I think now we have been moving offline as well so the combination of online and offline this year we should have more sales growth from 'Rock-it' brand as compared to last year.
- Ankit Kedia:** Sir the issue with distribution in the south was behind so can we look at a strong growth from south coming in from this year?
- Sandeep Jain:** Thank you very much for asking this question, I would like to reply on that, last year we lost one of our distributor as their financials were concerned so we lost the sales and this year as I suggested earlier also in my last conference call that new distributor has been appointed and we are very confident that we should grow at least a 25% in this year i.e whole year 2018-2019 as compared to last year in southern region.
- Moderator:** Thank you. The next question is from the line of Shaleen Kumar from UBS Securities. Please go ahead.
- Shaleen Kumar:** Sir I was going through your presentation and I could figure out you know if I look at the channel wise growth so Sir your MBO has been more or less flat and I could say there is a growth from EBOs but despite you have been opening only one EBO right, so I mean what is the strategy over here if your MBO how come your MBO initiative has been flat and what is the focus of the company and then why only one EBO getting opened in a quarter?
- Sandeep Jain:** Yes, I was expecting this question. The first quarter is the quarter where we have very less presence as far as revenues are concerned. It is not representative of the whole year guidance it is only an indicator that the company has began well. and as far as our EBO plan is concerned we have a plan to open by this financial year another 20 net EBOs additions. If there are three four closing so it should be opening of 24 EBOs and the net addition will be 20 as far as this year is concerned, out of that already ten have been signed by the company which will open in next few months and if you see the revenue mix particularly MBOs and EBOs, I would say it is more appropriate to talk when we reach in nine month period because it gives the actual picture of the MBOs EBO the breakup as the first quarter is not the significant quarter for us and the revenue mix is not that sharper, being a seasonal business contributing around 54% of revenues in the Q3 so I would

suggest that you please see us in the next two quarter and then definitely revenue mix will change and it will be skewed in case of MBOs and LSS also.

Ankit Kedia: Okay. Sir just follow upon your statement so Sir last full year we have seen a net EBOs opening up around four and here we are talking about 20 in first quarter we have opened one why such confident on opening new EBO if first quarter you have tried to present it there, then 2019 is like almost 5x of last year opening?

Sandeep Jain: We feel that last year was more of a stabilization period for us because we were apprehensive of the GST implementation, we were apprehensive of how this work in India, so we were not taking undue risks and also the demand was not there as we see that people were little susceptible of how the GST will sustain in the longer term. But again the confidence has come back as far as retailers are concerned, confidence has come back in the company but yes now the things are okay we are seeing the order booking. The primary orders are reflecting that the order booking is definitely much better as compared to last year so that is giving us the confidence that we should open more EBOs so I am talking about the franchise are coming to us it is not the company is opening their outlets. Company is adding only two outlet in next two three months but eight to nine enquires already have been materialized by the company. We will be opening around ten EBOs in next few months, which shows that there has been interest as far as the company products are concerned and the EBOs particularly the franchise EBOs where is there no investment from our side they are coming forward to open the EBO of Monte Carlo in different regions.

Ankit Kedia: Right Sir. Sir just to get an idea like which region or like which Tier of cities you are entering like top Tier, tier II, Tier III?

Sandeep Jain: Ten EBOs which I am talking about which will open in next few months out of that two are in West Bengal and two three EBOs in Punjab, Haryana, Himachal and Chandigarh and there are three EBOs are coming up in around Delhi and around two three EBOs are coming up in Bihar and Central region i.e Madhya Pradesh and Chhattisgarh.

Moderator: Thank you. The next question is from the line of Ashwini Agarwal from Ashmore India. Please go ahead.

Ashwini Agarwal: One question I had you know if you look at it on an adjusted basis first quarter revenue growth is about 30% if you adjust for the tax changes your EBITDA is also much better than what it was last year and you are looking forward to good winter why are you guiding for only a 15% sales growth given the underlying trends are so strong what is the reason for such a muted number compared to what you have done in Q1?

Sandeep Jain: I would put it in this way that earlier we gave the guidance of 15% and we achieved only 12% so there are some circumstances which can definitely make you fail whatever you commit so we have become more vibrant in giving the guidance and we would like to give the guidance which we are definitely hopeful to achieve at the end of the financial year. It can be more but right now I am guiding only those kind of a number, which actually have the combination.

Ashwini Agarwal: Okay and in the Q4 you had said that discounting has become an industry wide issue and each end of season sale the amount of discount you have to take to clear inventory tends to go up any changes in that trajectory or that continues to be a challenge?

Sandeep Jain: That continues to be a challenge for everyone in the industry and you would see that everyone would be having the same perception discounting has become the norm and we have to accept that.

Ashwini Agarwal: Last question is you know when I look at distribution change setup of course last year you had a problem that one of your distributors in south was not able to be productive but all the EBOs in the response to your previous question you said seem to be coming in the north and east which is really anyway strong area for you so what is happening in south and west, which is giving you the confidence things should improve and if that is the case then should we not see greater contribution from cotton and non-winter wear as we go ahead because west and south do not really buy any winter wear?

Sandeep Jain: I think one thing which has changed over the few years that now we are ready to go for our Shop N Shop category segment also in the south which was not here earlier, so we have been talking to few of the large retailers to open a Shop N Shop over there which can definitely add to our sales which we were not doing earlier. Earlier it was more of pushing the sales but this year I think because that Shop N Shop concept is there we are giving as much as sales associate also and we are keeping the distributor with the stock which can be refilled at the stop and shop so that is giving the more confidence to the stop and shop concept also so that can help us in southern sale this year.

Moderator: Thank you. The next question is from the line of Amarnath R from Gomukhi Capital. Please go ahead.

Amarnath R: My question is more strategic. We have been reading in the industry reports etc., of lot of production in India also the big company shifting production basis to Vietnam and now Ethiopia and all that so do we have any tactical views on this aspect in terms of keeping cost under control?

Sandeep Jain: I think as far as our company is concerned, we have two manufacturing facilities in Ludhiana and we are equally competitive as far as the manufacturing of the products is concerned, which we are making at our location and then when it comes to outsourcing in case of fashion brands we are not a large format store where you can have a 10000 of one article when you are making 1000 pieces per article the sourcing from other countries is not feasible because they require large quantities and in fashion garments you cannot have one garment of approximately more than 3000 to 4000 pieces so that is a constraint for us for the brands which are not having the basic articles but yes, there are some of the articles, which we have also import like there are some trousers which we import in bulk from Bangladesh there are some other articles, which we import from China also but that contribution is very less as compared to the total brand. So we are happy to be like outsourcing from India right now because we are comfortable as far as imports is concerned we are dedicated towards that we are working only with Monte Carlo and there are vendors who are working with only two three brands so which gives us the edge and that also makes us little more

competitive and most of the outsourcing happens in Ludhiana only so we save on transportation cost also.

Moderator: Thank you. The next question is from the line of Mohit Mehra from Dimensional Securities. Please go ahead.

Mohit Mehra: Sir this year the MSP has been increased by 28% for cotton so how do you see this impacting our margins?

Sandeep Jain: I think right now we have been discussing about the winter wear product that already the sourcing has been happened and the production is going on so right now the price of cotton is increased only to 2% to 3%, our summer booking usually happens in the month of September so that time we would see that how much cotton prices have increased as compared to last year and definitely then only the call will be taken at that point of time. But as the contribution from cotton is lesser in summer as compared to woolen wear is segment so I do not think it is going to make any significant dent as far as the margins are concerned.

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

Deepan Shankar: Thanks Sir for the opportunity again. So, this kids segment the growth has been quite negative so any specific reason or any seasonal impact over there?

Sandeep Jain: No. It is not negative. Actually, it has grown 20% and this year we are targeting a growth of 30% in kids wear segment. Again, I would reiterate that the first quarter is very significant quarter for us so please see us when we reach to third quarter, the growth will become more evident and more clear as compared to last year. First quarter is just the small sale, which is happening in this quarter. So major sale is being happened in second and third quarter, which will actually give the true picture of all the categories how much they have grown.

Deepan Shankar: Okay. Last year we have launched woolen segment so are we seeing a good order book pickup in this segment as well?

Sandeep Jain: Yes, that is why we are more confident as compared to last year because the order booking has been more as compared to last year that gives us the confidence that we can easily reach the target, which we have given this year for the revenues.

Deepan Shankar: Okay. And also, the shift from unorganized to organized segment so are we seeing that real shift and what kind of price difference earlier we had with unorganized and now with GST what was the price difference?

Sandeep Jain: I think the price difference between the unorganized and organized is reducing as the GST compliance is now being there in smaller brands also so that is why you would see that lot of smaller brands actually if I talk about the Ludhiana many smaller brands actually have closed down

and the business is shifting from smaller to larger brands and larger corporate and this shift will continue because as the expenses are going up and every year we see that there will be shift from unorganized to organized because of the cost structure.

Deepan Shankar: Okay and one more thing the eastern market so we have seen the monsoon has not been that efficient so are we seeing good order bookings there also or some slow down we are looking at eastern markets?

Sandeep Jain: No. Eastern market is doing very well for us and the order booking is more as compared to last year if you talk about the winter wear order.

Moderator: Thank you. The next question is from the line of Bhavesh Jain from Envision Capital. Please go ahead.

Bhavesh Jain: Sir this quarter we have closed down four EBOs. Last year same quarter also we have closed four EBOs, which is lower than the whole year average so is there any seasonality in the closure of EBOs?

Sandeep Jain: Unfortunately it came in the first quarter, otherwise we do not see any closure in the rest of the year. The two EBOs which we have closed because of one in Delhi where the filling has happened it was forcibly closed by the government not by us and the other person which was operating in that particular high street or particular mall the mall has closed down so those were the case of two EBOs and it was closed because they were not performing up to the expectation.

Bhavesh Jain: Okay. And Sir our other channel have grown very well in this quarter what is the other channel apart from online what is that other channel?

Sandeep Jain: See there are four channels for us one is EBO channel, which is exclusive showroom, second is multi-brand outlet channel third is large format stores which is central owned and reliance and fourth is online channel.

Bhavesh Jain: Right, so in presentation you have given others including online so that is largely online?

Sandeep Jain: Yes.

Bhavesh Jain: Okay and Sir can you share this large format store contribution in terms of revenue for this quarter?

Sandeep Jain: I do not have the breakup of this quarter but overall in the whole year basis it should be around 7% to 8%.

Bhavesh Jain: Because the count have come down in this quarter versus last year.

Sandeep Jain: See again I reiterate the same statement that this quarter is very significant for us so the dispatches keeps on varying from January-February-March to this quarter so the best thing to see is when we

have the nine month sales with us that will show the true picture of all the channels contributing and growing as compared to last year.

- Bhavesh Jain:** Okay and Sir the miscellaneous sales have almost grown 100% what is that constitute off?
- Sandeep Jain:** This is an accessory sale basically where we have frocks and other things and also some scrap sales.
- Bhavesh Jain:** Okay and some bookkeeping question like depreciation have also come down last year also and this quarter also?
- Sandeep Jain:** You know no assets are being added or no building is being constructed so depreciation will keep on going down even the next quarter also.
- Bhavesh Jain:** So, for whole year how do we should look at around 18-19 Crores?
- Sandeep Jain:** Yes, it could be around 18 Crores.
- Bhavesh Jain:** And last question on this effective tax rate so what will be our effective tax rate for the whole year?
- Sandeep Jain:** I will come back to you with clear percentage little later.
- Moderator:** Thank you. The next question is from Shailesh Kumar from Sunidhi Securities. Please go ahead.
- Shailesh Kumar:** If you could provide me volume breakup of a different segments like woolen, cotton, kids, home furnish and accessories for the quarter and Q1 FY2018?
- Sandeep Jain:** Sir I can provide you the summer categories breakup because woolen sales does not happen in this quarter and if you want to have the summer breakup then we have approximately sold 23 lakh pieces from this April 1 to June 30, 2018 as compared to 21,45,000 pieces last year. It is a volume growth of 7%.
- Shailesh Kumar:** It includes kids segment?
- Sandeep Jain:** It includes T-shirt, Denims, Trousers, Shirt, lower tops, ladies kurtis, ladies denims.
- Shailesh Kumar:** Okay and what about the home furnishing?
- Sandeep Jain:** Yes, home furnishing has grown I will just give you that figure also, it has grown from 50,000 pieces to 80,000 pieces.
- Shailesh Kumar:** Okay and this accessories?
- Sandeep Jain:** Accessories have grown from 36,000 pieces to 68,000 pieces.

- Moderator:** Thank you. Next question is from the line of Shailesh Kumar from Sunidhi Securities. Please go ahead.
- Shailesh Kumar:** Sir what is our targeted marketing expense for FY2019?
- Sandeep Jain:** That is around 4% to 5% of the revenues.
- Shailesh Kumar:** Okay so almost last year kind of thing.
- Sandeep Jain:** Same as last year.
- Moderator:** Thank you. As there are no further questions, I now hand the conference over to the management for their closing comments.
- Sandeep Jain:** Once again, I thank you very much for all the participants who have raised their questions and I would also request everyone if anyone has any question in their mind regarding any of the numbers or any of the areas which we are not been able to answer please mail us and we will be happy to reply that. Thank you very much.
- Moderator:** Thank you. Ladies and gentlemen on behalf of Emkay Global Financial Services that concludes this conference call. Thank you for joining us. You may now disconnect your line.