

MONTE CARLO 

It's the way you make me feel

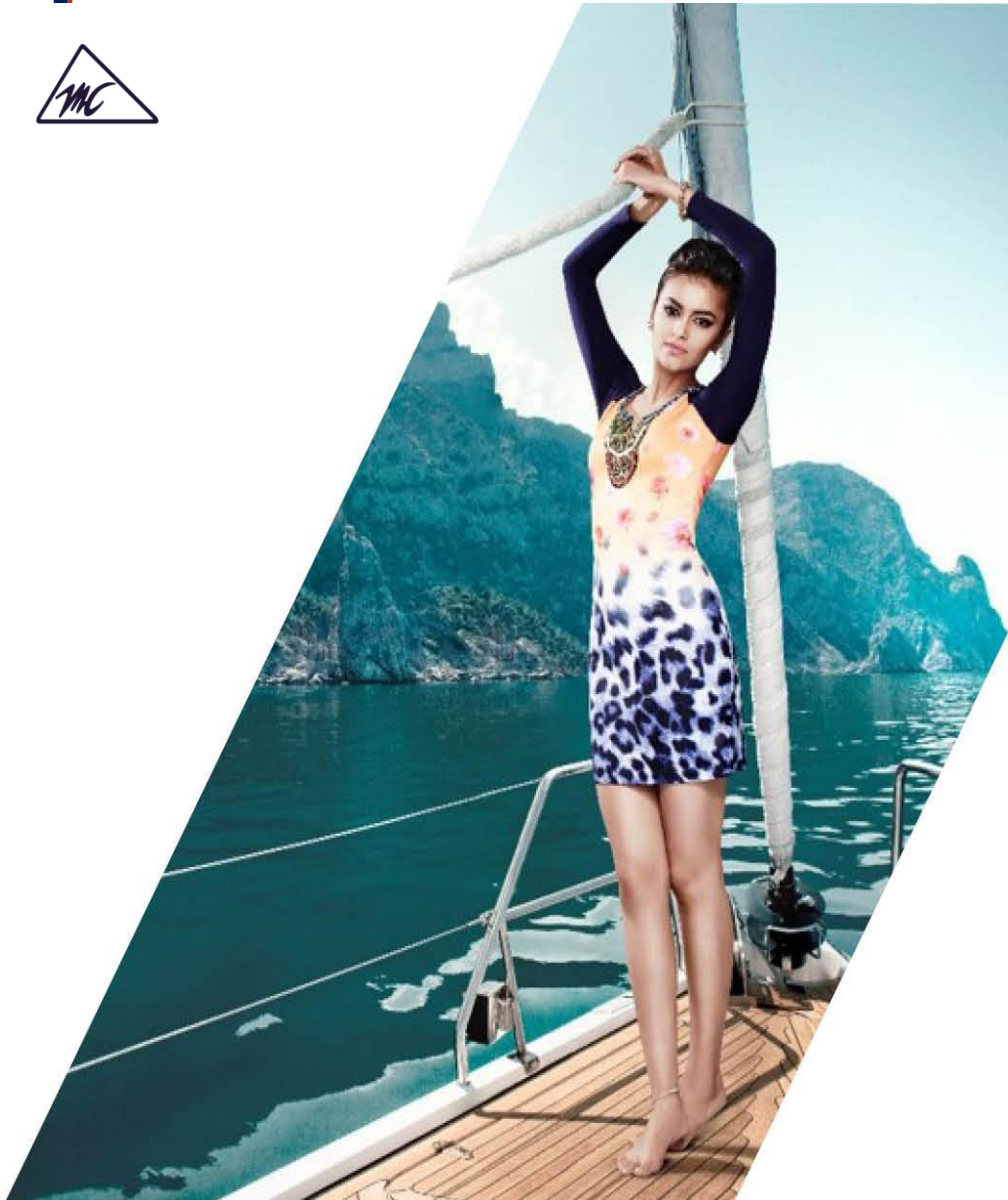
Q1 FY19

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

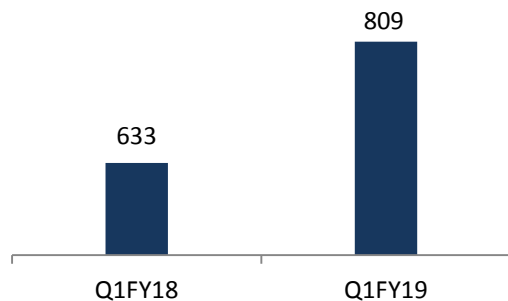
LOW CREDIT RISK

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

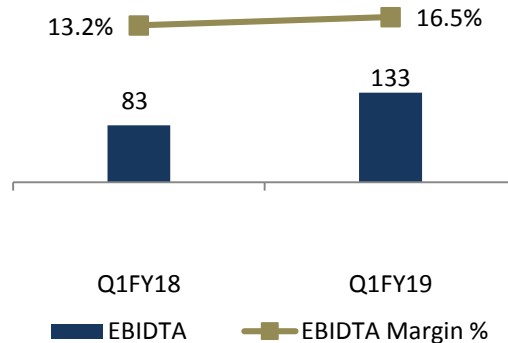
In Rs Mn

Q1 FY19 YoY ANALYSIS

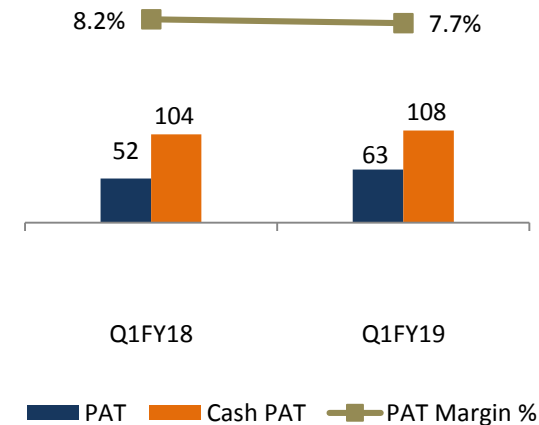
REVENUES *



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
Total Revenues (Rs. Mn)	5,289	5,686	519	562
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

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

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

Strong Summer Sales Leading to Overall Growth

Volume Up 7.3%



Price up 7.0%



Sales Up 14.8%

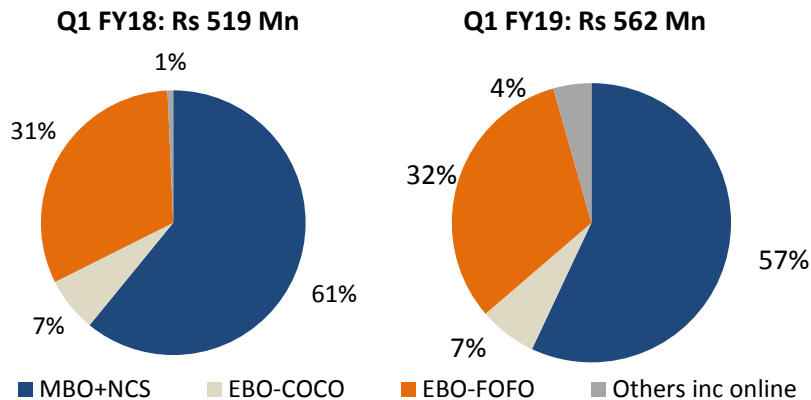
- Lower is leading the summer sales growth with 30% increase over last year
- Bermuda & Capri volume is growing in the range of 20-25% and Shirts volume is growing in the range of 15-20%.
- Monte Carlo T-Shirts already well penetrated has grown at 5% over last year

- 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

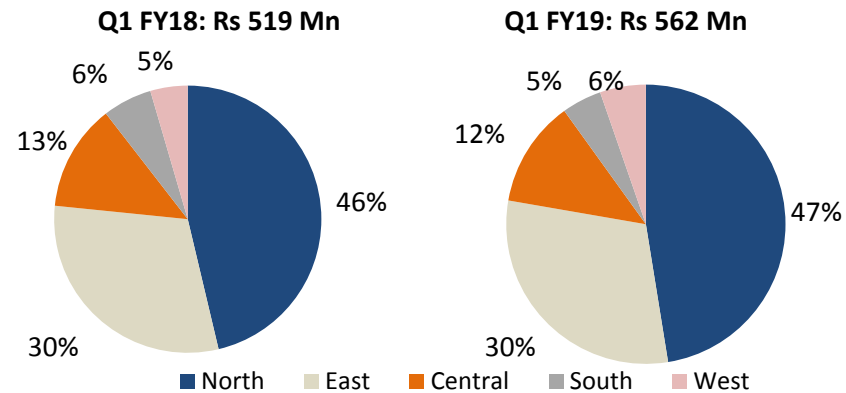
- T-Shirts constitute 50% of overall summer sales have grown 14% over previous year
- Shirts represents 16% of summer sales have growth 17% over previous year
- Denims and Trouser sales have grown at mid single digit in current season

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%
Net Sales	807.7	632.0	27.8%	6,447.8	5,773.8	11.7%
Other Operating Income	1.6	1.4	14.3%	11.8	10.7	10.3%
Total Income from Operations	809.3	633.4	27.8%	6,459.6	5,784.5	11.7%
Material Costs	242.4	185.7	30.5%	3,745.1	3,279.2	14.2%
Gross Margin	566.9	447.7	26.6%	2,714.5	2,505.3	8.3%
Gross Margin %	70.0%	70.7%	-64bps	42.0%	43.3%	-129bps
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%
EBITDA	133.2	84.7	57.3%	1009.4	775.7	30.1%
EBITDA Margin %	16.5%	13.4%	309bps	15.6%	13.4%	222bps
Other Income	31.5	52.8	-40.3%	176.8	239.3	-26.1%
EBITDA Margin (incl. Other Income)	20.4%	21.7%	-135bps	18.4%	17.5%	82bps
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%
PBT	103.2	68.7	50.2%	898.6	647.1	38.9%
Taxes	40.8	16.6	145.8%	301.4	205.6	46.6%
PAT	62.4	52.1	19.8%	597.2	441.6	35.2%
PAT Margin %	7.7%	8.2%	-51bps	9.2%	7.6%	161bps
Total Comprehensive income	62.7	51.4	22.0%	592.0	428.7	38.1%
EPS	2.87	2.4	19.6%	27.48	20.32	35.2%

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 & 'Twens' - 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 and www.rockit.co.in as well as tie-ups with Digital platforms such as Flipkart, Amazon, Jabong, Myntra and Kapsons

KEY FINANCIALS

- Consolidated Revenues, EBITDA and PAT were Rs. 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)

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RANGES LAUNCHED UNDER THE BRAND – “MONTE CARLO”



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

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:

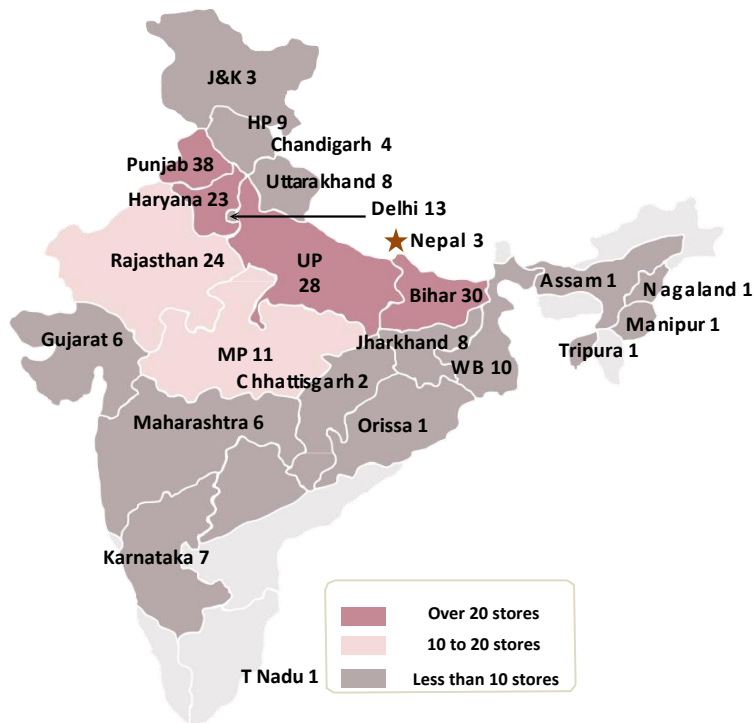
- Three manufacturing facilities in Ludhiana, Punjab -
 - One for woollen apparels
 - Two for cotton apparels
 - The manufacturing facilities include facilities for product development, design studio and sampling infrastructure
- In-house manufacturing of woollen knitted apparels
- Outsourced manufacturing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

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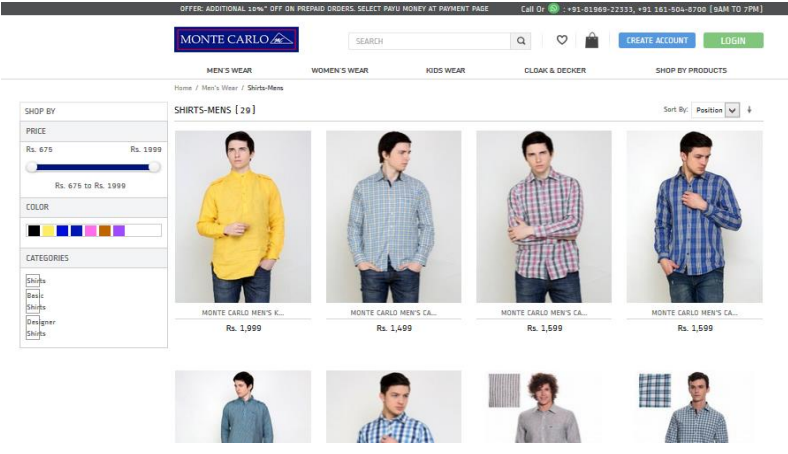
★ Pan India 236 EBOs, excluding 3 EBOs in Nepal

COMPANY OVERVIEW

OUR E-COMMERCE PRESENCE

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

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



The screenshot displays the Monte Carlo e-commerce portal interface. At the top, there is a navigation bar with the Monte Carlo logo, a search bar, and links for 'CREATE ACCOUNT' and 'LOGIN'. Below the navigation bar, there are category tabs for 'MEN'S WEAR', 'WOMEN'S WEAR', 'KIDS WEAR', 'CLOAK & DECKER', and 'SHOP BY PRODUCTS'. The main content area shows a product listing for 'SHIRTS-MENS [20]'. On the left, there is a sidebar with filters for 'SHOP BY', 'PRICE' (ranging from Rs. 675 to Rs. 1999), 'COLOR', and 'CATEGORIES'. The product grid displays four shirts with their respective prices: a yellow shirt (Rs. 1,999), a blue and white checkered shirt (Rs. 1,499), a red and white checkered shirt (Rs. 1,599), and a blue and white checkered shirt (Rs. 1,599). The bottom of the grid shows additional product thumbnails.

TIE-UPS WITH ONLINE PLATFORMS



The image displays logos for five online platforms: Flipkart.com (The Online Megastore), Amazon, Jabong.com, Myatra.com, and Snapdeal.com. Additionally, there is a circular seal for 'SINCE 1989' with a star in the center, likely representing the company's heritage.



BUSINESS CYCLE FOR WINTER SEASON SALES

- Product development & Sampling process
- Design process is finalised
- Sample sets sent to our commissioned agents (CA)
- Commissioned agents display the samples to dealers and distributors
- Company organizes fashion shows to showcase proposed products to the MBOs and EBOs
- CAs procure orders from MBOs and act as an interface between the Company and MBOs
- The dealers and distributors of the MBOs place orders with the CAs
- Pre-booking of orders from MBOs and franchise EBOs
- Production of pre-ordered designs commences
- Dispatching of winter wear products to EBOs and MBOs
- Peak Inventory in September, at the beginning of the winter season

BUSINESS CYCLE FOR SUMMER SEASON SALES



DESIGNING IS AN ONGOING PROCESS THROUGHOUT THE YEAR FOR BOTH COTTON AND WOOLLEN GARMENTS
PRODUCTION OF PLAIN AND BASIC DESIGNS CONTINUE THROUGHOUT THE YEAR FOR BOTH WOOLLEN AND COTTON GARMENTS

COMPANY OVERVIEW

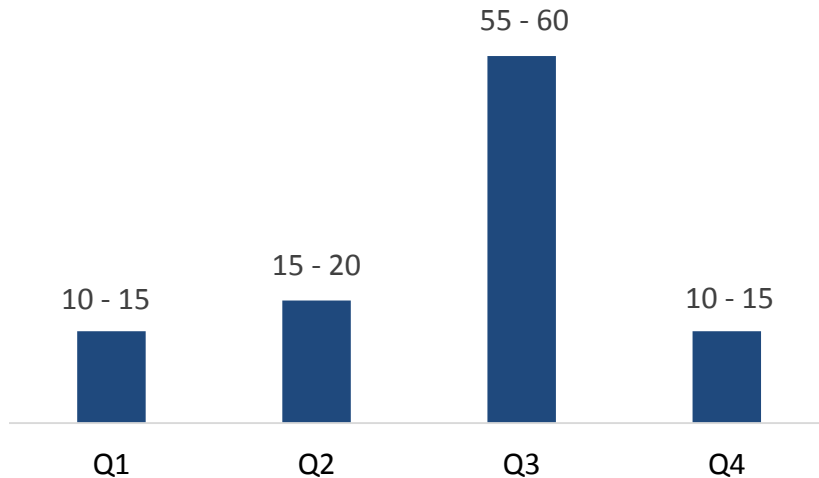
ROBUST DISTRIBUTION MODEL

	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
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SEASONALITY IMPACT ON REVENUES (In % terms)



BUSINESS SEASONALITY:

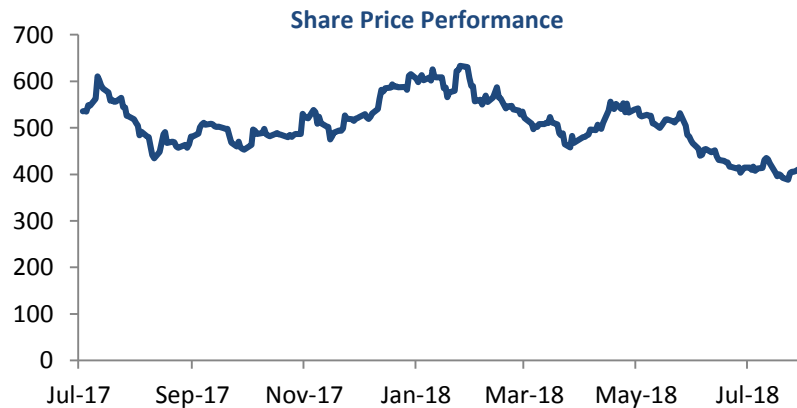
- Q3 generates highest quarterly revenues in any fiscal year
- Q3 typically involves sale of winter products –
 - Woollens / woollen blended - sweaters, jackets, cardigans
 - Cotton / cotton blended - cotton jackets, suits, sweat shirts, full sleeve t-shirts and shirts
- Winter products are sold during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

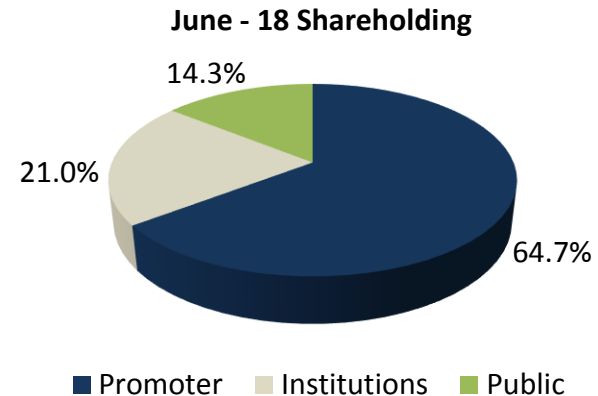
Market Data	As on 30.07.2018 (BSE)
Market Capitalization (Rs Mn)	8,990.4
Share Price	INR 413.9
No. of shares outstanding (Mn)	21.7
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	664 – 384

Source – BSE

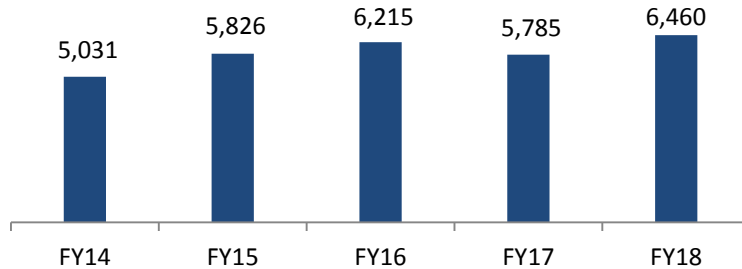


Key Institutional Investors	% Holding
Kanchi Investments Ltd (Samara Capital)	10.94
Goldman Sachs India	3.64
Birla Sun Life Trustee Co.	2.18
ICICI Prudential Life Insurance	2.77

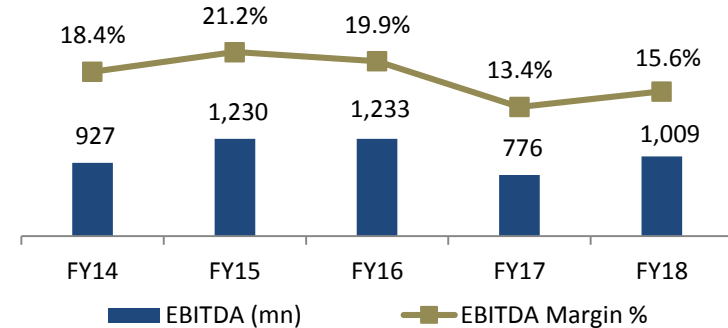
Source – Company / BSE as on 30th June 2018



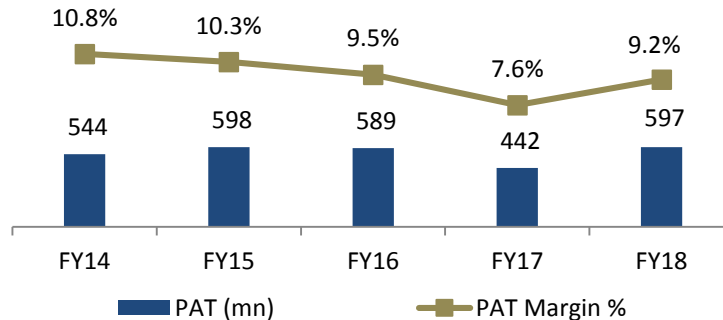
REVENUES



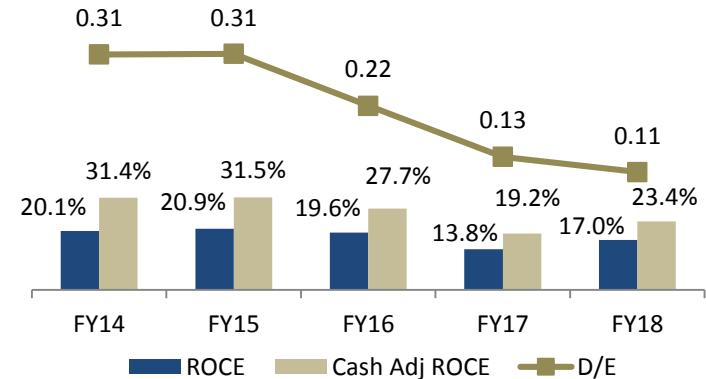
EBITDA# & EBITDA MARGIN



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)

MONTE CARLO 

It's the way you make me feel

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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.