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MONTE CARLO
It's the way you make me feel

MONTE CARLO FASHIONS LIMITED

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MCFL/SE/2025-26 **August 11, 2025**

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

Sub: TRANSCRIPT OF EARNINGS CONFERENCE CALL – Q1 &FY26

Dear Sir/Madam,

Pursuant to the provisions of Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith transcript of the earnings conference call of the Company held on August 7, 2025 to discuss Q1 FY26 results.

Request you to kindly take the above information on record.

Thanking You,

Yours Faithfully

For MONTE CARLO FASHIONS LIMITED

ANKUR GAUBA
Digitally signed by ANKUR GAUBA
Date: 2025.08.11 14:53:26 +05'30'

ANKUR GAUBA
COMPANY SECRETARY & COMPLIANCE OFFICER
ICSI Membership No: FCS 10577

"Monte Carlo Fashions Limited

Q1 FY26 Earnings Conference Call"

August 07, 2025

SANDEEP JAIN:	**MR. SANDEEP JAIN – EXECUTIVE DIRECTOR – MONTE CARLO FASHIONS LIMITED** **MR. R.K. SHARMA – CHIEF FINANCIAL OFFICER – MONTE CARLO FASHIONS LIMITED** **MR. ANKUR GAUBA – COMPANY SECRETARY – MONTE CARLO FASHIONS LIMITED**
MODERATOR:	**MR. MOHIT DODEJA – EMKAY GLOBAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good day, and welcome to the Monte Carlo Fashions Limited Q1 FY '26 Earnings Conference Call hosted by Emkay Global Financial Services Limited. 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 an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mohit Dodeja from Emkay Global Financial Services Limited. Thank you, and over to you, sir.

Mohit Dodeja: Good morning, everyone. I would like to welcome the management and thank them for this opportunity. We have with us today, Mr. Sandeep Jain, Executive Director; Mr. R.K. Sharma, Chief Financial Officer; and Ankur Gauba, Company Secretary.

I shall now hand over the call to the management for the opening remarks. Over to you, gentlemen.

Sandeep Jain: Very good morning to everyone, and thank you all for joining us for today's earnings call to discuss the performance for the first quarter of financial year '26. Let me brief you on the financial performance of this quarter. For the first quarter under review, the company reported an operating income of INR139 crores, which is an increase of approximately 10% on a year-on-year basis. The company reported an EBITDA loss of INR6 crores. The net loss stood at INR16 crores for this quarter.

The online segment continues to be a strong growth driver with online sales showing significant growth, especially by our own website. Brand-wise, Rock it also maintained its growth momentum and the home textile segment also performed very well. A major highlight was a 100% increase in footwear sales in Q1 with continued growth expected in coming quarters.

With a focus on expanding retail presence, we have opened 3 new exclusive brand outlets for Cloak & Decker and taking the total to 15 outlets. We remain on track to reach 35 stores by year-end with each store ranging between 500 to 1,000 square feet.

And as a part of our broader plan, we remain focused to open Monte Carlo 40 to 45 stores across India with a strategic emphasis on the Western and Southern region. To improve speed and convenience, we have partnered with BlinkIt, Swiggy, and Zepto for 30 minutes delivery. We have also initiated a strategic collaboration with Salesforce to enhance operations, customer experience and long-term loyalty through a digital transformation.

And now we open this floor for question-and-answer session.

Moderator: Shall we start with the Q&A.

Sandeep Jain: Yes.

Moderator: The first question comes from the line of Diwakar Rana from Prudent Equity. Please proceed.

Diwakar Rana: My first question is on the sales returns and rebate and discount part. So, it has increased in this quarter. So why is that increased?

Sandeep Jain: Sale returns are, I think I, around INR15 crores increased in this quarter. Basically, in the last quarter, I think it was a little less. So overall increase of INR7 crores, not that much. And that also because sales have also increased. So, I think that going forward, in next quarter and another quarter, we don't find any returns from the previous year sales. Rebate and discounts are basically almost stagnant.

Diwakar Rana: Yes, it has increased from INR112 to INR137. So, this is kind of, it is normalized?

Sandeep Jain: In terms of percentages, if you see it is stable.

Diwakar Rana: And sir, next question is on the MCFL Ventures object change. So, it has been changed, I think. So what are your plans there?

Sandeep Jain: We have planned to invest in solar and renewable and also in logistics warehouses. So that is our plan because we have seen that the returns what we are getting in another sister concern company, it is almost 20%, 25% on ROI. So that is why this venture has been established. This subsidiary has been established.

Diwakar Rana: Any proposed investment?

Sandeep Jain: Already, we have 2, 3 investments in plan, and we'll let you know in another quarter, I think, in next con call, once we have this quarter ended, we can discuss on this. There are good proposals coming up for this, which can increase our ROI and also the rate of return substantially from the present one.

Diwakar Rana: Okay. And sir, what will be the average price of all our products? And what is the average ticket size per buyer? Do you have that metric?

Sandeep Jain: Yes, just please hold for more. Summer is INR1,100 ASP and winter is around 1,500 ASP, the net realized value.

Diwakar Rana: Okay. And the average ticket size per buyer, you have that metric?

Sandeep Jain: It's only for retails we have. It's around INR3,500, but not for the MBOs and other businesses.

Diwakar Rana: Okay. Okay. And sir, I just want to reconfirm the guidance that you gave earlier. So the guidance was around 10% to 11% revenue growth and margin 19%. Are you still maintaining that guidance?

Sandeep Jain: We might revise it upwards after this quarter. As of now, we stand on this guidance, but there is every chance to revise it upwards once we end this quarter.

Diwakar Rana: Okay. So revision can come in both revenue or margins or just in revenue?

Sandeep Jain: Both in revenue and margins, we might see an upward trajectory. But as of now, we stand on the guidance which we gave last quarter.

Diwakar Rana: Okay. And sir, just 2 more questions. So you have given the geographical split in the presentation. So I would just want to know the split on the rural, urban and semi-urban part.

Sandeep Jain: We don't have it right now, but I can ask our CFO and they can provide you, you can mail them.

Diwakar Rana: Okay. Any number you have, sir, I don't want an exact number. Any broader number you can give?

Sandeep Jain: No, I don't have any information on this as of now because I can carry it. But you can definitely ask our Investor Relations agency, they can provide you.

Diwakar Rana: Okay, sure. And last question on this, sir, any plans to export to U.K. post this FDA sign?

Sandeep Jain: We have started our online exports to Europe and to Middle East, but that number is substantially less as of now. But as of now, I think we are getting many queries. So once we have more queries come up, as of now, we are shipping from India to Europe and to Middle East. But we may open our warehouse after seeing the response in the next 6 months.

Moderator: The next question is from the line of Shivang from Emkay Global

Shivang: With the new kind of technology now at 15 stores and target of 35 by year end, what are the KPIs in terms of, let's say, footfall ASP conversion rate indicating about store productivity and scalability?

Sandeep Jain: Sir, your voice is not audible. Can you please repeat this question? And can you please speak a little slowly...

Shivang: Sure. Is it audible now?

Sandeep Jain: No, it's still same. It's cracking. There is an echo in your voice. So we are not able to hear you clearly.

Shivang: Yes. With now at 15 stores and a target of 35 by year-end, what are the early KPIs in terms of footfall, ASP indicating about store productivity and scalability?

Sandeep Jain: We are seeing a per square feet sale of around 6,500 square feet, which is going to go up to 7,500 per square feet as of now. And it's basically the first 15 stores were almost a test launch. Out of that, I think 4 to 5 stores already we have 1 year with us. So the response has been encouraging. And also the franchisees who have opened these 15 stores, some of them are opening another, they are adding another stores also for Cloak & Decker in different areas.

So I think that this brand has a lot of potential because being in an economy segment and also which caters to mass segment, we see a lot of potential going forward. But this year, we have a plan to take it to 35 stores. And then definitely, after 35 stores next year, we may add another 50 stores in this.

Moderator: The next question is from the line of Arya Patel from Emkay Global.

Arya Patel: I just had one question. So you plan to add around 40 to 45 EBOs in FY '26 with a major focus on western and southern part of the country. So just wanted to know what is the CapEx target for this expansion? And when do we expect the operating leverage from the expansion to start kicking in?

Sandeep Jain: No, no. Basically, 90% of the stores, which we open are the franchise stores where we don't have any CapEx. It is only we supply the goods against bank guarantees or deposits. So, and normally, for a franchise, the ROE happens in 3 years' time. It's only 5% to 7% stores, which we open company-owned where we do CapEx. So that is not substantial.

Arya Patel: And what would be the CapEx per store for those 5 to 7?

Sandeep Jain: It's approximately INR2,000 per square feet depending upon the square feet area.

Moderator: The next question is from the line of Viraj Parekh from Carnelian Asset Management.

Viraj Parekh: Congrats, sir, for your results. Sorry if I am repeating any questions, I joined the call a few minutes late. Firstly, sir, I wanted to understand, if I look at all our segments, we've delivered decent kind of a volume growth. Even there's been some kind of a dip in realization, average realization. So given that the start of the year has been such strong in volume growth, how do we expect the rest of the year to see, especially when a good monsoon is followed by a good winter? Is there any read-through you are getting in

terms of the order bookings for winter you've had in terms of last year's base and this year's base? And just linking to this your annual guidance, do you see it's inching upwards?

Sandeep Jain: Yes. Thank you. So in last con call, we mentioned that we should be growing around 10%, and we stand on that guidance, including the improvement of margins also that we set last time. But now as we moved into this quarter, there is every chance that after the end of this quarter, we may revise it upwards. So we are getting good orders. The sales have been picked up in July itself. So we are very confident that once we end this quarter, there is every chance that we may revise this guidance upwards, including both the margins and the revenues.

Viraj Parekh: So sir, I mean, I just wanted to understand, I mean, cotton is 50% of our business that already this year had a volume growth of around 13%. And there can be an impact of EOSS sale or average realization, I understand that. But given that we are already in that decent high double digit, mid-double-digit volume growth, are we being conservative in terms of revising our guidance next quarter? Or it can go inch upwards of 19%, 20% as well for the year?

Sandeep Jain: I think the exact guidance as far as volumes are concerned, I can give you once we end this quarter because then we have complete figures in our hand of production and for dispatch also.

But as of now, what I can reiterate with the confidence is that the guidance which we gave in the last con call, we will definitely super achieve it. We will overachieve it.

Viraj Parekh: Got it, sir. And sir, in terms of profitability, the second question is in terms of profitability. Our expenses are inched a little bit upwards despite having 10% kind of a growth. In terms of profitability, can you give me some color of how should I look at this year vis-a-vis last year? Last year, we around INR80 crores in PAT. So considering your EBITDA margins, what kind of PAT figures are we looking at for this year?

Sandeep Jain: See, I have not calculated the PAT figures. What we said last time was that there should be at least 100 basis point improvement in the EBITDA margins.

Viraj Parekh: On the base of last year, which is 17%...

Sandeep Jain: Yes. So minimum 100 basis point improvement in the margins, we will see this year. It may go upwards also that only we can let you know once we end this quarter, which is running right now.

Viraj Parekh: Got it. And sir, in terms of the sentiment on the ground, how are you seeing demand in terms of, a little bit of competition has also been there for like the last 1.5, 2 years, increasing competition. How is the demand this year for the industry basis the last 3 months, which have gone back for the year?

Sandeep Jain: I think in last 1 year, if we see, this is the most positive or most optimistic we have right now in this quarter, because there have been some sluggishness, there have been some inflation concerns, there have been some monsoon concerns. So I think all these are behind us. So going into this quarter, we have been very optimistic.

And also, as we are approaching with the festival season, Diwali is early, Also, there is a good wedding season ahead. And whenever there is a good monsoon, we see that there is a good winter also. So going forward, in next 2 quarters, we seem very optimistic and very confident in achieving our guidance as well as revising it, it might be at the end of this quarter.

Viraj Parekh: Got it. Sir, last question before I get back in queue, sir. We've mentioned we are opening around 40, 45 EBOs with strategic emphasis on Western and Southern regions. Historically, these regions have been weak for us. And when you're writing the strategic emphasis, can you elaborate in terms of how much of the store count increase in these regions versus what they are as on date?

Sandeep Jain: Yes. Just hold for a moment. So out of, if we open suppose 10 stores in all over India, around 2 to 3 stores will be opening in 25% to 30% in South and Western region. So that is the plan going for this financial year also. And we have seen that the growth in South is more as compared to West. So we may add more stores in South as compared to West going forward.

Viraj Parekh: Got it. So 75% will continue in North and East, only 25% we are looking in West and South, from which 25% more will be skewed towards South?

Sandeep Jain: More towards South because the growth which is happening in South is comparatively better than, I would say, even in the rest of the India because in South in like-to-like, we have grown 17% in this quarter.

Moderator: We take the next question from the line of Yuvraj Kunwar from Emkay Global.

Yuvraj Kunwar: Could you expand on your partnership with Salesforce, what specific functions are being digitized? And what KPIs are you tracking to evaluate success there?

Sandeep Jain: See, the problem with earlier like service provider was basically, we had a different online and different offline integration with SAP and also with the earning and burning points with the service provider. But the Salesforce integration means that all are like online and offline, they have come at the same platform.

So now the customer, which is visiting on our website or they're visiting on our EBOs, so he can convert his point anywhere and customer, and we also know that the customer's history that whether he's purchasing from our EBOs or whether it's from online. So we are integrating every visit in our history sheet, so he comes to know that earlier it was not possible when there were 2 or 3 service providers. So that is the benefit we get from Salesforce.

And secondly, there have been some parameters which were not provided by other competitors. In that case, Salesforce has given us a tableau platform, which is their unique platform, which has been provided to us and where we can track each and everything across our stores, across our website and across our customer profiles and across demographies, also in age groups also.

So very comprehensive report they provide to us, which is very beneficial for analysis and also take further actions as far as our retail stores and websites are concerned, because they also provide us many database things, which were not provided earlier by another competitor, which were giving us services.

Yuvraj Kunwar: Okay. Okay, sir. And sir, tied up with BlinkIt cities. So I had asked this question last time also for the quick commerce. So what SKUs are you focusing there on those platforms? And what are the initial learnings on say, profitability and customer acquisition?

Sandeep Jain: Right now, the categories which are present in quick commerce is basically, we have given them towels, we have given them T-shirts. We have given just now sweaters. We have also given them bedsheets. So these are the categories and socks also, thermals also.

So these are the categories which we have given to them. And we expect at least INR10 crores sales from quick commerce in this financial year.

Moderator: We take the next question from the line of Diwakar Rana from Prudent Equity.

Diwakar Rana: Just a follow-up on the guidance part. So sir, what makes you so confident to revise the guidance upwards? So what are the tailwinds are you seeing right now?

Sandeep Jain: It's only the sales because we have seen that this quarter has begun us well and the growth has been above our expectations. So that is giving us the confidence to revise this guidance once we end this quarter, nothing else. And also already, we said that the plan was already there with us for a double-digit growth, which is already we had an order book and all. But seeing the growth and seeing the sales, which is happening right now, so we may revise it upwards once we end this quarter.

Diwakar Rana: Okay. And any headwinds you see in next, I mean, 2 to 3 quarters?

Sandeep Jain: See, I don't see any headwinds as of now because in India, we don't see any impact of this tariff thing, which is going on for exports market because we are present purely in domestic market, even though I see some benefits coming up because if it might happen that there can be some reduction in the raw material if there's a little drop in exports.

That is a very, very slim chance, but it's not against us. It is in favor of us. So I don't see anything which is, we only see tailwinds coming us on our way going forward into next 2 quarters. And also, we have seen that because of reduction in the interest rate, reduction in the income tax slabs and all, and also the good monsoon, the rural income, which has gone up and also there are good festive season coming up.

So all these things, as of now, it is looking very positive to me. So that is why I'm again reiterating the same statement that we may see that there might be a possibility to revise this guidance upwards in next con call.

Moderator: We take the next question from the line of Mohit Dodeja from Emkay Global.

Mohit Dodeja: Sir, 2 questions from my side. First, I've observed that the footwear sales have seen a sharp ramp up. Is this being a wider range pricing change or any new formats like athleisure? And secondly

Sandeep Jain: It's the increase in volumes as compared to last year. And we see that we should be doubling the sales in this financial year, and it's only mostly the selling 90% online only. It's the formal shoes only. Nothing else, only formal shoes and 90% sales happens online. So it should be doubling our sales as compared to last year.

Mohit Dodeja: Okay, sir. Second question is there's a drop in revenue growth of almost 10% in Q1. So sorry, there's a revenue growth of 10% in Q1, but the EBITDA margin has declined to 4.26%. Can you elaborate on the drivers behind this margin compression? And when do we expect margins to normalize?

Sandeep Jain: Please don't see this quarter as a quarter which has to be considered because this first quarter, we get returns, we book our returns at our cost. So when we dispatch it, we dispatch it on wholesale prices. So that impact is always there in last quarter and first quarter of this financial year.

So what happens is that in second and third quarter, we normally have a sale of around INR800 crores. So out of that, around INR100 crores, INR115 crores which comes back to us in last quarter and first quarter. So the impact is normally around INR50 crores, which is mostly divided between last quarter and the first quarter.

So first quarter would always historically has been remained like that. But as we move into second quarter and third quarter, we would see everything turning into green, whatever figures you are seeing in red right now would turn into green. And also, we are very confident that the results going forward in second quarter and third quarter would be much better as compared to last financial year.

Moderator: We take the next question from the line of Madhur Rathi from Counter Cyclical Investments.

Madhur Rathi: Sir, I wanted to understand regarding our inventory days. And sir, what kind of, sir, what is our inventory levels as of Q1 end? And sir, what kind of improvement can we see in FY '26?

Sandeep Jain: Inventory levels are almost, I think, stable and inventories has gone up because we'll be increasing our sales this year. So by that percentage, it has gone up. So there is no much difference as far as inventory days and debtor days are concerned.

Madhur Rathi: Okay. Got it. Sir, and how is the inventory at our retailer and LFS level? Because I think you mentioned like there has been like companies are moving from the winter segment and the competition is reducing. So there are fewer number of players that will be servicing this. Sir, on the inventory level, sir, do we have any idea of the inventory levels at these Reliance and other large format retailers?

Sandeep Jain: I can give you some information on our own retail channel, where our inventory is lesser as compared to last year's level, around 7% to 9% lesser as compared to last year level. And we see that returns from summer in this financial year are at least 10% less as compared to last year's level.

So that is for our own retail channel. But as far as MBOs and SIs are concerned, that is difficult to say because, they give us information only by around 30th of August. But as per the market feedback from our sales team also, their inventory is almost at the same level or even lesser than last year's level.

So we don't see returns basically going up in that channel also. And in case of LFS also, the inventory is lesser as compared to last year's level. So if I talk about company as a whole, so you should see that the returns at least decreased by around 5% as compared to last financial year level.

Moderator: The next question is from the line of Amit Agicha from HG Hawa.

Amit Agicha: Sir, what is your targeted net debt to EBITDA and working capital debt reduction strategy? And the second question is like what is your blended cost of borrowing currently? Any plans to replenish the net returns?

Sandeep Jain: We have only short-term debt. We don't have any long-term debt. It's a debt-free company. We have even INR300 crore cash on books as of 31st March.

Moderator: As there are no questions from the participants, I would now like to hand the conference over to the management for closing comments.

Sandeep Jain: Yes. Thank you for participating in this earnings con call, and I hope we have been able to answer all your queries satisfactorily. Even if you have any further questions or would like to know more about the company, please reach out to our IR managers at Valorem Advisors. Thank you very much, and have a great day ahead.

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