

MONTE CARLO FASHIONS LIMITED

Regd. Office : B-XXIX-106, G.T. Road, Sherpur, Ludhiana - 141003 (Pb.) India.

Tel.: 91-161-5048610, 5048620, 5048630, 5048640 Fax : 91-161-5048650

August 6, 2019

National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Plot No. C/1, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai-400051.	BSE Limited. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.
Symbol: MONTECARLO	Scrip Code: 538836

SUB: Q1 & FY20 INVESTOR PRESENTATION

Dear Sir / Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Investor Presentation on Un-Audited financial results of the Company for the Quarter ended June 30, 2019.

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

Thanking You,

For MONTE CARLO FASHIONS LIMITED



ANKUR GAUBA
COMPANY SECRETARY & COMPLIANCE OFFICER



Encl. As Above



**Q1 FY20
INVESTOR PRESENTATION**





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Q1 FY20 Results Update

MONTE CARLO: POISED FOR LONG TERM GROWTH

PRODUCT MIX MOVING TOWARDS COTTON

- Cotton share maintained over 60% of total FY19 revenue reflecting shift towards Cotton from Woollen segment
- Textile and Kids segment delivered robust growth, contributing higher revenue to the overall business

POSITIVE BUSINESS OUTLOOK

- Focus on new markets and new product offerings
- Company continues to focus on increasing presence in Western & Southern region going ahead

STABLE WORKING CAPITAL CYCLE

- Stable core working capital whilst achieving 14% growth in revenues for FY19

ROBUST BALANCE SHEET POSITION

- Healthy balance sheet with low overall debt; Long term borrowing at Rs 128.7 mn as of March 2019
- Comfortable high cash balance of Rs 1,724.4 mn (includes cash and bank balance along with current and non-current investments)

MONTE CARLO: DIFFERENTIATED BUSINESS MODEL

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 MBO's 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 (5-10% 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

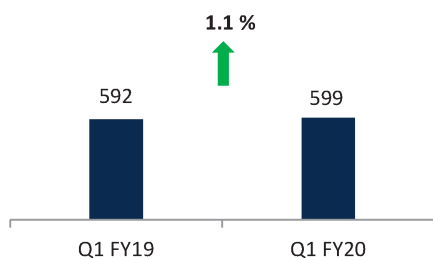
Note: We have started our sale through Shop In Shop (SIS) business model with 0% stock return

Q1 FY20: KEY HIGHLIGHTS

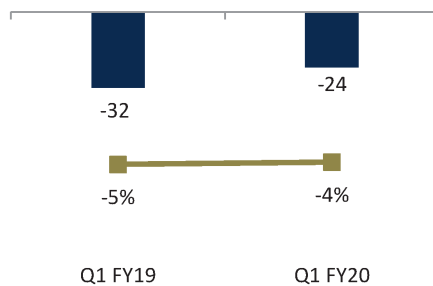
Q1 FY20 ANALYSIS

In Rs Mn

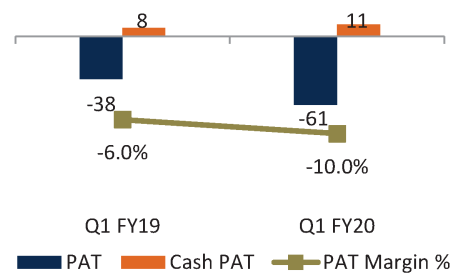
REVENUES



EBIDTA & EBIDTA MARGIN%



PAT, CASH PAT & PAT MARGIN %



Note: Quarterly figures are as per Indian AS.

* Revenue figures does not include sale of raw material (Fabric & Yarn sales)

Q1 FY20: REVENUE ANALYSIS

REVENUES BREAKUP – SEGMENT WISE

In Rs Mn	Q1 FY19	Q1 FY20	FY18	FY19
Total Revenues*	541.1	575.1	5,711	6,715
Woollen Segment	-9.9%	-11.7%	26.3%	25.5%
Cotton Segment	87.8%	82.9%	61.0%	60.1%
Home Furnishings	17.4%	23.0%	7.6%	9.1%
Kids	4.7%	5.8%	5.1%	5.3%

FOCUS ON PRODUCT DIVERSIFICATION

- **Focus on cotton products in summers, cotton segment grew by 16% YoY contributing 60.1% in FY19**
- Positioning as all fashion brand to reduce seasonality impact, woollen segment contribution has moved marginally lower in FY19 to 25.5%

* Revenue from core products (Excluding Yarn, Fabrics & Miscellaneous sales)

* Q1 FY19 Sales of scrap and accessories was Rs. 3.06 Mn, Other Operating revenue was 1.6 Mn & INDAS adj. was Rs. 46.62 Mn

* Q1 FY20 Sales of scrap and accessories was Rs. 7.90 Mn, Other Operating revenue was 1.50 Mn & INDAS adj. was Rs. 14.75 Mn

* FY18 Sales of scrap and accessories was Rs. 14.38 Mn, Other Operating revenue was 11.8 Mn & INDAS adj. was Rs. 22.08 Mn

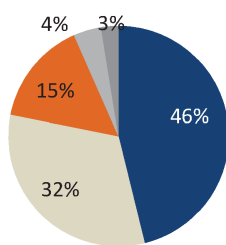
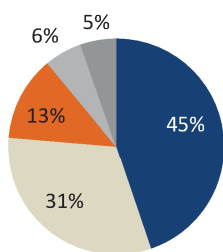
* FY19 Sales of scrap and accessories was Rs. 29.58 Mn, Other Operating revenue was 13.10 Mn & INDAS adj. was Rs. 194.36 Mn

Q1 FY20: REVENUE ANALYSIS

REVENUE BREAKUP – REGION WISE

Q1 FY19: Rs 541.1 Mn

Q1 FY20: Rs 575.1 Mn

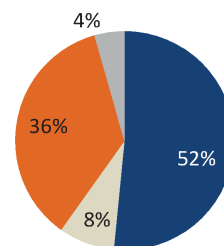
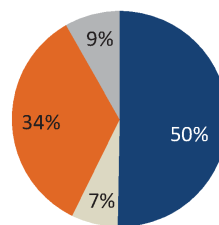


■ North ■ East ■ Central ■ South ■ West

REVENUE BREAKUP – CHANNEL WISE

Q1 FY19: Rs 541.1 Mn

Q1 FY20: Rs 575.1 Mn



■ MBO+NCS ■ EBO-COCO ■ EBO-FOFO ■ Others inc online

Improving Diversification across various Channels of Sale

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

Q1 FY20: STORE NETWORK ANALYSIS

STORE NETWORK				
Type of Store	FY18	FY19	Q1 FY19	Q1 FY 20
EBO – COCO	21	27	22	30
EBO – FOFO	214	229	214	232
MBO's and Distributors	2,500+	2,500+	2500+	2500+
NCS	283	306	86	103

EBO – NET ADDITIONS			
	FY18	FY19	Q1 FY20
Existing	231	235	256
New Opened	10	27	8
Closed	6	6	2
Total EBOs	235	256	262

In addition to 262 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 FY20: CONSOLIDATED PROFIT & LOSS STATEMENT

Particulars (In Rs Mn)	Q1 FY20	Q1 FY19	YoY%	FY19	FY18	YoY%
Revenue From Operations (Net of Excise Duty)	599.2	592.4	1%	6,563.7	5,759.5	14.0%
COGS	194.9	191.0	2%	3,443.9	2,922.1	17.9%
Gross Profit	404.3	401.4	1%	3,119.8	2,837.4	10.0%
Gross Margin %	67.5%	67.8%	0%	47.5%	49.3%	-173 bps
Personnel Expenses	152.6	135.3	13%	594.9	530.7	12.1%
Advertisement Expenses	54.4	77.1	-29%	360.0	248.4	44.9%
Other Expenses	221.0	221.3	0%	1,134.9	926.0	22.6%
EBITDA	-23.7	-32.3	-27%	1,030.0	1,132.3	-9.0%
EBITDA Margin %	-3.96%	-5.45%	149bps	15.7%	19.7%	-397 bps
Other Income	26.3	31.5	-17%	182.3	177.9	2.5%
Depreciation	72.4	45.9	58%	191.0	209.6	-8.9%
Interest Expense	35.0	15.6	125%	89.5	77.2	15.9%
CSR Expenditure	-	-	-	46.6	0.8	-
PBT	-104.8	-62.3	68%	885.3	1,022.5	-13.4%
Taxes	-43.4	-23.9	82%	289.3	343.4	-15.7%
PAT	-61.4	-38.4	60%	596.0	679.1	-12.2%
PAT Margin %	-10.2%	-6.5%	-376bps	9.1%	11.8%	-271 bps
EPS	-2.96	-1.77	67%	27.46	31.25	-12.1%

Note1: Company has changed the policy of manufactured finished goods valuation from retail method to actual cost method. The company has applied the change in accounting policy retrospectively by adjusting the opening balance of equity for the earliest prior period presented and the other comparative amounts disclosed in unaudited financial results for each prior period presented to the extent possible

Note2: Effective 1st April 2019, the Company adopted IndAS116 "Leases", applied to all lease contracts existing on 1st April 2019 using the modified retrospective method along with the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the Lease Liability. This resulted in recognizing a ROU asset and a corresponding Lease Liability of ₹674 Mn as at 1 April 2019. Accordingly, comparatives for the quarters ended 30 June 2018 and 31 March 2019 and year ended 31 March 2019 have not been retrospectively adjusted. The effect of this adoption is not material on the profit for the period and earnings per share. Consequently, this adjustment has resulted in increase in finance cost by ₹13 Mn, increase in depreciation expense by ₹27 Mn and corresponding decrease in rent expense by ₹30 Mn.

FUTURE GROWTH STRATEGY

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

- We have started our sale through Shop in Shop(SIS) Model.
- 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

- Capex for FY20 would be Rs200-250mn; to be majorly utilised for de-bottlenecking and modernization of existing facilities. Capex spend for FY21 will be ~Rs100-150mn.
- Ability to sustain Robust growth without any major capex. Therefore Return ratios set to improve.



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COMPANY OVERVIEW

COMPANY OVERVIEW

BRIEF PROFILE



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 & 'Tweens' - 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 distributors and national chain stores located in 22 states & 1 union territory
- As on June 2019, the Company had 262 EBOs excluding 3 EBOs in Nepal (30 EBO – COCO, 232 EBO – FOFO), 2,500+ MBO and distributors and 103 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. 6,564 mn, Rs. 1,030 mn and Rs.596 mn respectively in FY19
- Strong balance sheet is reflected by healthy cash & cash equivalents of Rs 1,724 mn (includes cash and bank balance along with current and non-current investments)

COMPANY OVERVIEW

DIVERSIFIED PRODUCT PORTFOLIO

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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		

COMPANY OVERVIEW

STRONG DESIGN & MANUFACTURING CAPABILITIES



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 Marketing Team to understand consumer tastes and feedback

MANUFACTURING CAPABILITIES:

- Two manufacturing facilities in Ludhiana, Punjab -
 - One for woollen apparels
 - One 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

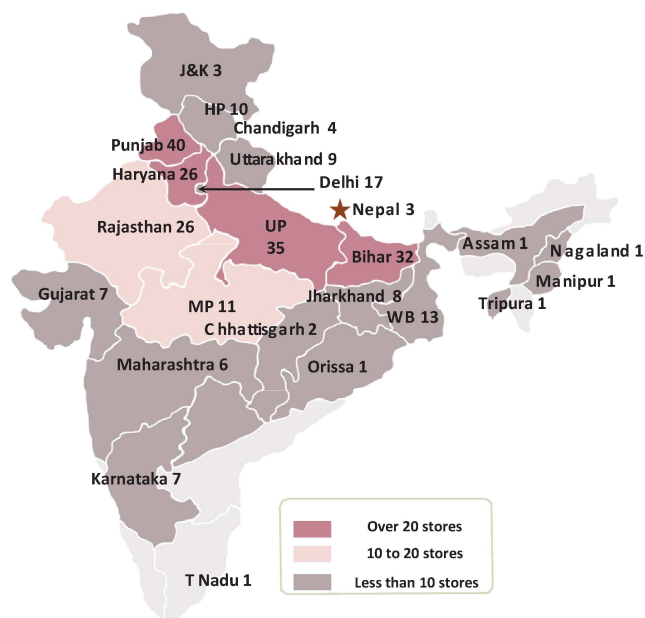


COMPANY OVERVIEW

RETAIL PRESENCE

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PAN INDIA PRESENCE ACROSS 22 STATES & 1 UNION TERRITORY



MBO – Multi Brand Outlet, EBO – Exclusive Brand Outlet

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

★ Pan India 262 EBOs, excluding 3 EBOs in Nepal



STORE NETWORK

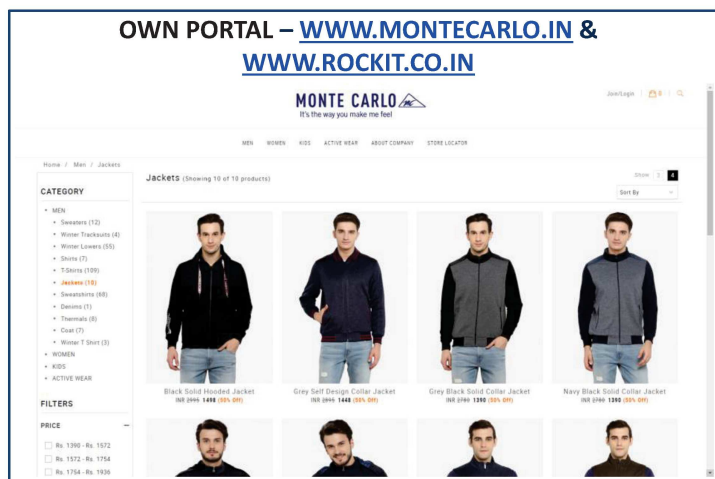
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MBO and Distributors	2,500+	2,500+	2500+
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E-Commerce	Amazon, Flipkart, Myntra, Jabong and Kapsons		

COMPANY OVERVIEW

E-COMMERCE PRESENCE

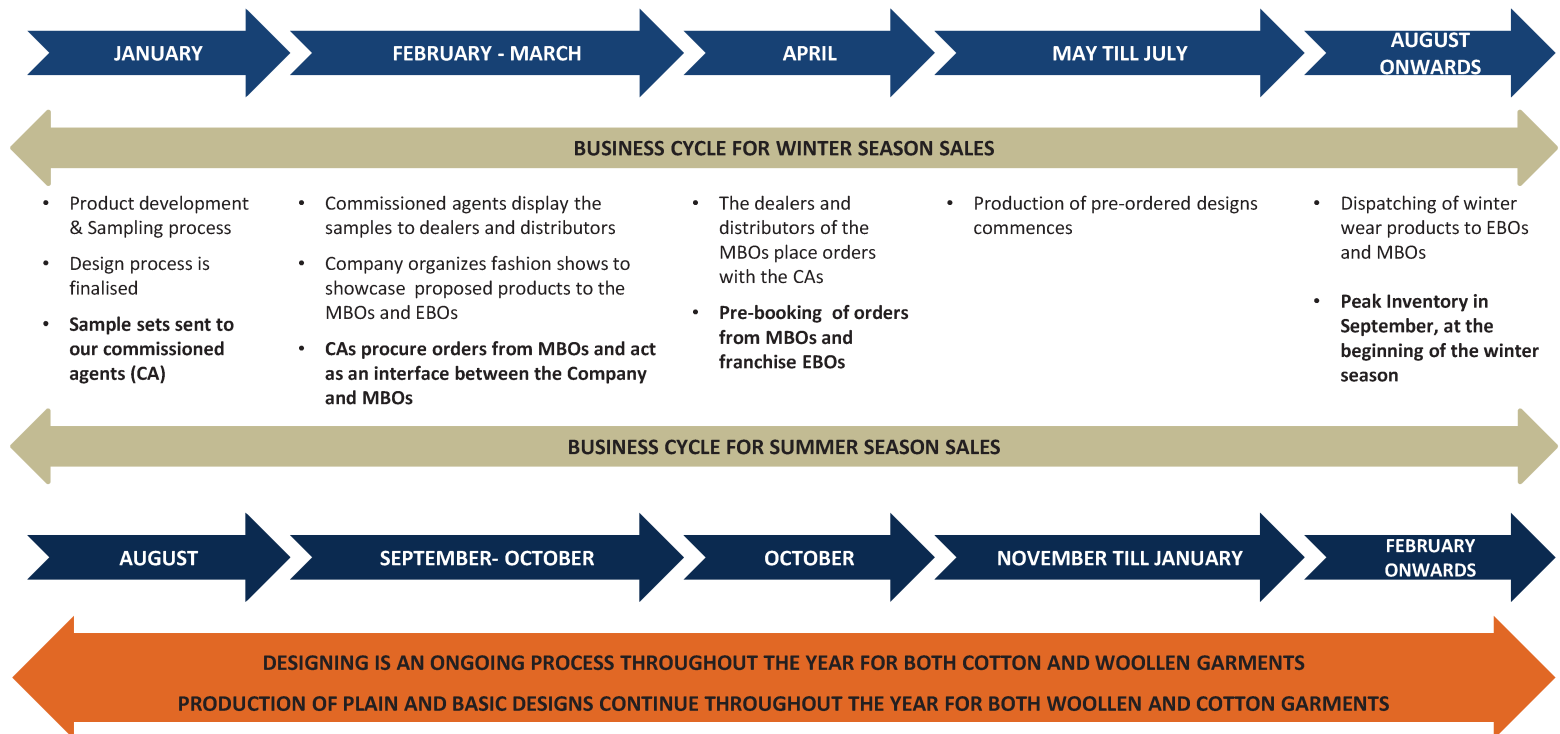


- Building our presence on e-commerce platform through our own portal www.montecarlo.in & www.rockit.co.in
- Have Entered into distribution agreements with some of the leading Indian digital commerce platforms for online sale of our products



COMPANY OVERVIEW

UNDERSTANDING OUR BUSINESS MODEL



COMPANY OVERVIEW

ROBUST DISTRIBUTION MODEL

	MBO and Distributors	NCS	EBO-COCO	EBO –FOFO
Total Number of Outlets (June'19)	2500+	103	30	232
% of Revenue Contribution – FY19	56% (NCS Contribute less than 10%)		44%	
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
Goods Return Risk	No	Yes	N.A	Minimal 5% - 10 % of Products Return Allowed
Discount Sharing	No	Yes	Yes	Yes Range of 5% - 17.5%
Payment Collection – Credit Risk	Exclusive commissioned agents are liable to pay	Reputed retail chains	-	Bank guarantee's and PDC taken from franchise

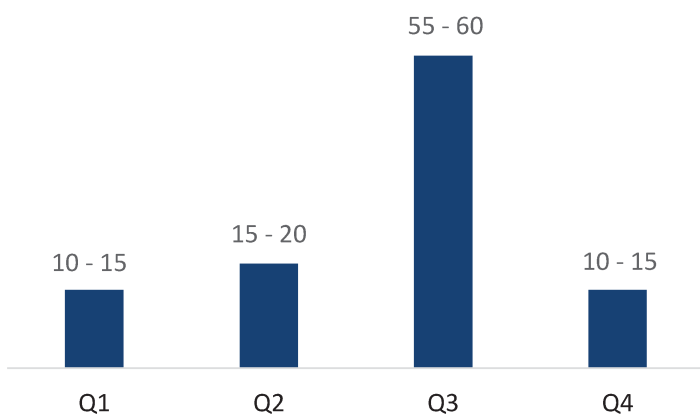
**ROBUST DISTRIBUTION MODEL ASSURES MINIMAL INVENTORY RISK AND CREDIT RISK
TILL DATE, THERE HAS BEEN NO BAD DEBTS OR RECEIVABLES WRITE OFF FOR THE COMPANY**

MBO – Multi Brand Outlet, EBO – Exclusive Brand Outlet
COCO – Company own Company operated, FOFO – Franchise own Franchise operated, NCS – National Chain Stores

COMPANY OVERVIEW

UNDERSTANDING SEASONALITY

SEASONALITY IMPACT ON REVENUES (In % terms)



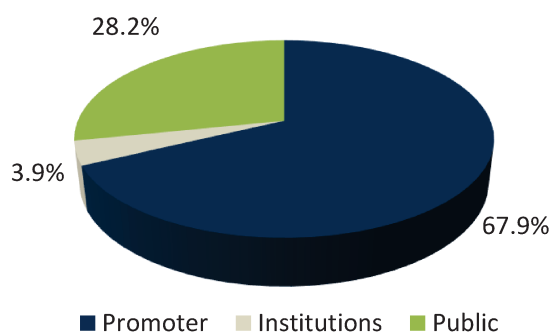
BUSINESS SEASONALITY:

- 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

Shareholding Pattern * – June 2019



Key Institutional Investors * – June 2019

% Holding

Kanchi Investments Ltd (Samara Capital)	9.40%
Goldman Sachs India	3.13%

* Post Share Buyback

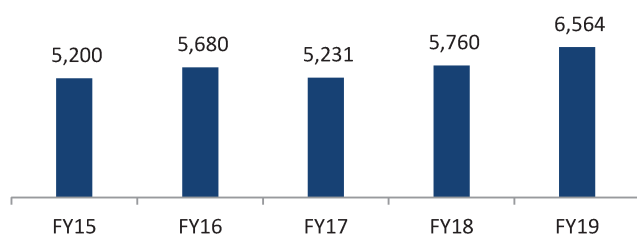
Note:

The Company issued Public Announcement dated 8th February 2019, for buy-back of 1,000,000 equity shares of face value Rs 10 each from its existing shareholders as on the record date of 22 February 2019 on a proportionate basis through "Tender Offer" route in accordance with the provisions contained in the SEBI Regulations, 2018 and the Companies Act, 2013 at a price of Rs 550 per equity share, aggregating to Rs 550 Mn. The tendering period for buyback offer remained open from 19th March 2019 to 2nd April 2019 and the settlement in respect of shares bought back have been completed on 10th April 2019. Extinguishment of the shares bought back have been completed on 11th April 2019.

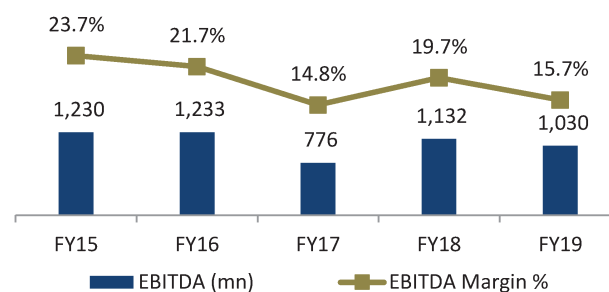
COMPANY OVERVIEW

FINANCIAL HIGHLIGHTS

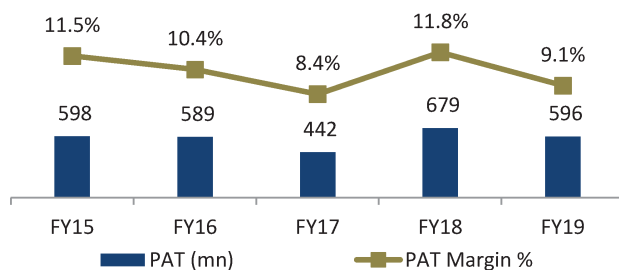
REVENUES



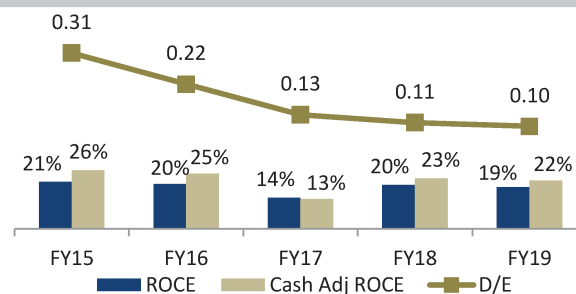
EBITDA & EBITDA MARGIN



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

ROCE = EBIT incl. other Income / Avg. Capital Employed (Equity + Total Debt)

Cash Adj. ROCE = EBIT excl. other income / Avg. Cash Adj. Capital Employed (Equity + Total Debt – C&CE)

Revenues exclude Raw Material Sales (Yarns, Fabrics & Trims)

Inventory Data related to FY18 onwards is according to the cost method of valuation and the data related prior to FY18 is according to retail method of valuation

FOR FURTHER QUERIES

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DISCLAIMER

This presentation and the following discussion may contain “forward looking statements” by Monte Carlo Fashions Ltd (“MCFL” or the Company) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of MCFL about the business, industry and markets in which MCFL operates.

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.