MRVL
MANDHANA RETAIL VENTURES LTD.
[redacted]
Registered Office : Plot No. E -132, M.I.D.C., Tarapur Industrial Area, Boisar, Dist : Palghar - 401506
CIN L52390MH2011PLC213349

1st June, 2017

**To,**
**BSE Limited**
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 023

**To,**
**National Stock Exchange of India Limited**
Exchange Plaza, 5th Floor, Plot No. C-1,
G Block, Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

Dear Sir/Madam,

**Sub:** Presentation on the results for the Quarter and Financial Year ended 31st March, 2017

**Ref:** BSE- 540210; NSE - TMRVL

Please find enclosed herewith presentation on the results of the Company for the Quarter and Financial Year ended 31st March, 2017.

Kindly take the above on your records and oblige.

Yours faithfully,
for **THE MANDHANA RETAIL VENTURES LIMITED**

**VIRENDRA VARMA**
**(Company Secretary)**

**Encl.: As above**

The Mandhana Retail Ventures Limited * Mumbai *

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MANDHANA RETAIL VENTURES LIMITED

# Earnings Presentation

Q4 and FY17

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# Mandhana Retail Ventures – FY17 Highlights

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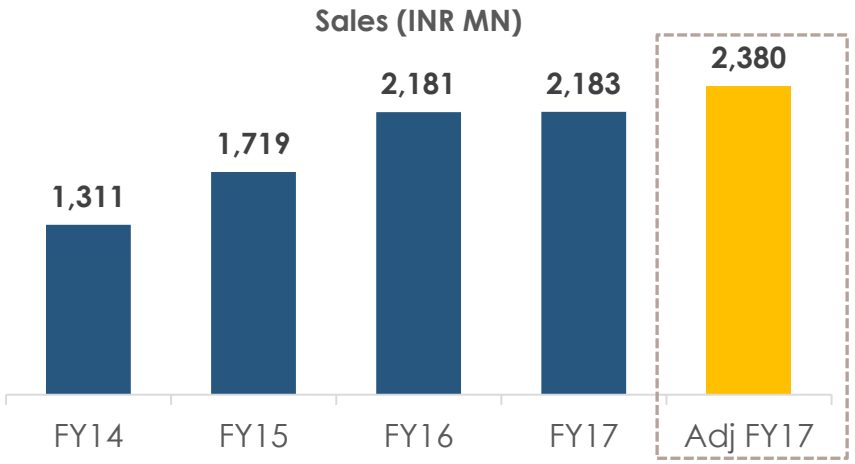
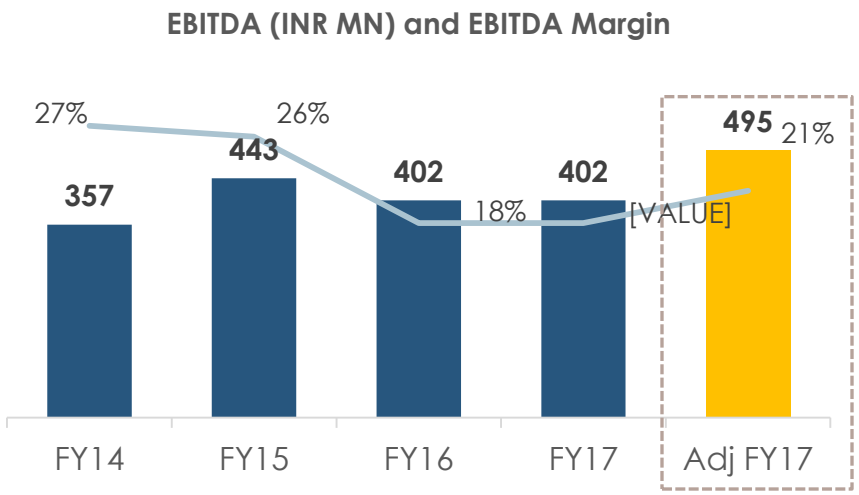
## Operational Highlights

- **Opened 6 new stores in FY 17**
  - 2 EBOs and 4 franchisees
  - Currently operating at 418 Domestic Selling Points compared with 346 in FY16
- **Large and growing loyalty base of 4.65 lacs customers**
- **Sale of 185.4 mn on 27th Dec - Salman Khan's Birthday**




## Financial Highlights

- Revenue of **Rs.2,183 mn**
- EBITDA of **Rs.402 mn**
- Strong **EBITDA margin of 18.41 %**
- Advertisement cost continues to remain **low at 3.51 % of revenue**
- Strong balance sheet with negligible debt - **Term loan of Rs. 21.25 mn**



# Accounting Policy Change and One - Offs

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## Accounting Policy Change

**Current Accounting Practice for Sales Return**

- The company follows two seasons and accordingly Sales Returns were received only once the season was over i.e. Q2 and Q4
- These returns were accounted for on an actual basis and revenue was accordingly adjusted
- As a result the topline in those quarter were not entirely reflective of the actual performance of the period.

**Revised Accounting Practice**

- In order to ensure prudent accounting, from Q4 onwards the company started adjusting sales return on an accrual basis
- Provisions will be made every quarter for expected returns, which will be reflected in the revenues; thereby giving a more realistic picture of that quarter's performance. Historically, the sales returns have been c.10%-12%
- This practice also reduces the mismatch on the cashflows
- This is also the recommended practice under IND AS, which the company will adopt in FY18

## Income Tax One - Off

- The company received the order for de-merger in March 2016
- Post which the process of listing TMRVL as a separate entity started
- Since the new company was not yet formed, it was difficult to ascertain the exact amount of tax liability and as a result the company was unable to make the advance tax payments
- Post the computation of tax liabilities, a payment of Rs 240 mn was made for income tax, which included a one-off interest cost on account of delayed payments of Rs. 18 mn.
- The one –off adjustments have been included in the Finance cost for the quarter.

# Key Financial Highlights

| *INR Mn; except as stated* | **FY17** | **FY16** | **% Change** |
|---|---|---|---|
| **Revenue** | **2,183** | 2,181 | 0% |
| Other Income | **11** | 12 | -14% |
| Total Revenue | **2,194** | 2,194 | 0% |
| Total Expense (ex.Advt exp) | **425** | 359 | 18% |
| Advertisement Expense | **77** | 95 | -19% |
| **EBITDA** | **402** | 402 | 0% |
| *EBITDA Margin* | **18.4%** | 18.4% | 0% |
| Finance Cost | **47** | 44 | 7% |
| **Profit Before Tax** | **321** | 328 | -2% |
| Tax | **120** | 114 | 6% |
| **Net Profit** | **200** | 214 | -7% |
| EPS (Rs/Share) | **9.07** | 9.70 | -7% |

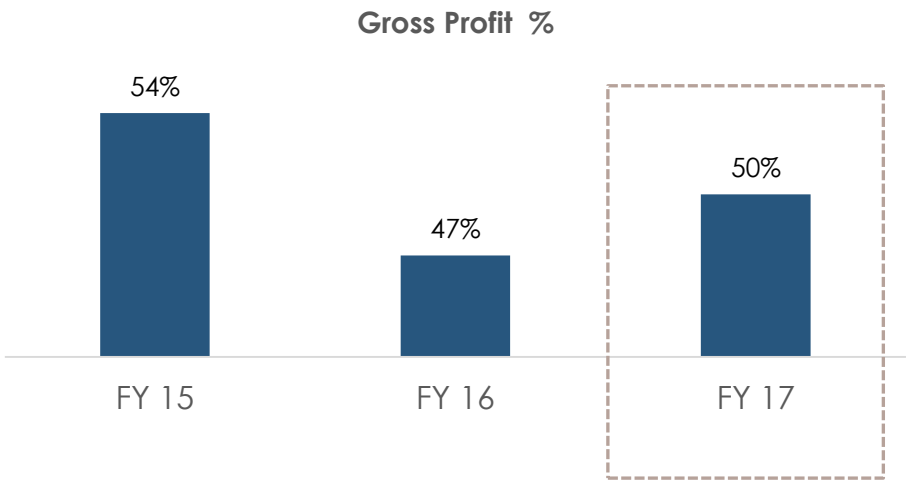
- **Revenue for the year ended 31st March 2017 is net of provision for sales returns of Rs. 187 mn**

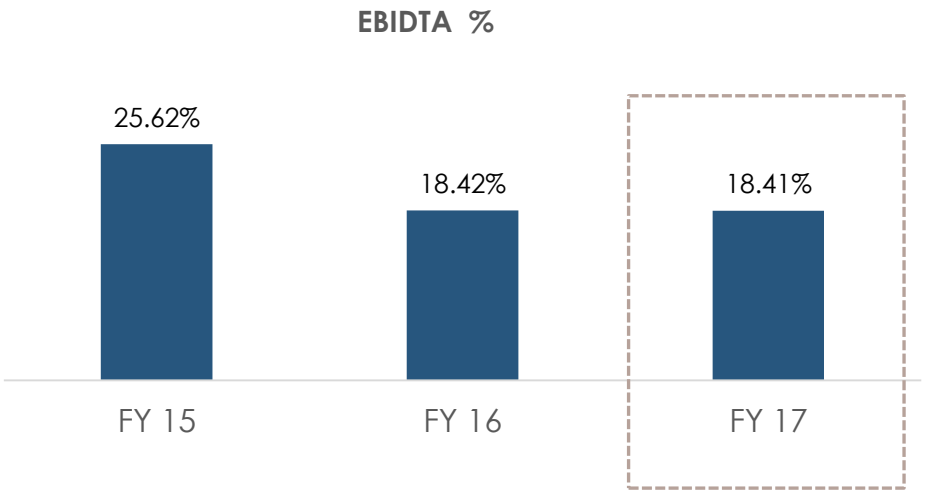
# Adjusted Income Statement

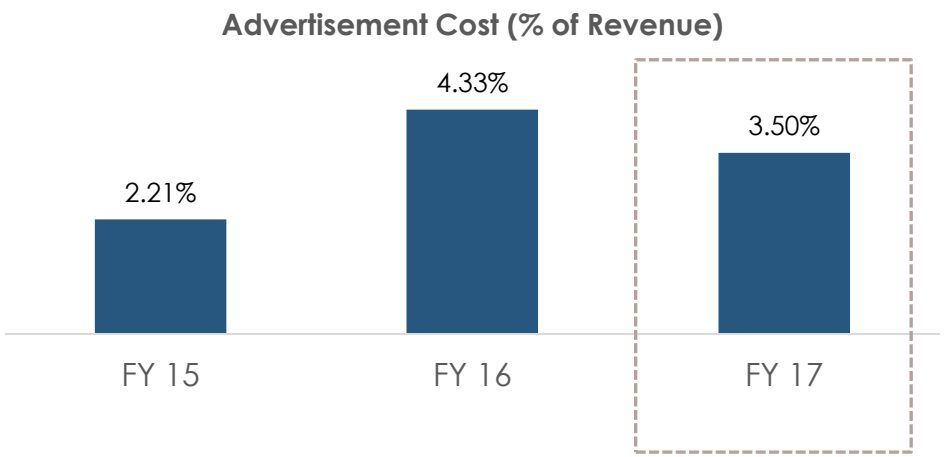
*INR MN except as stated*

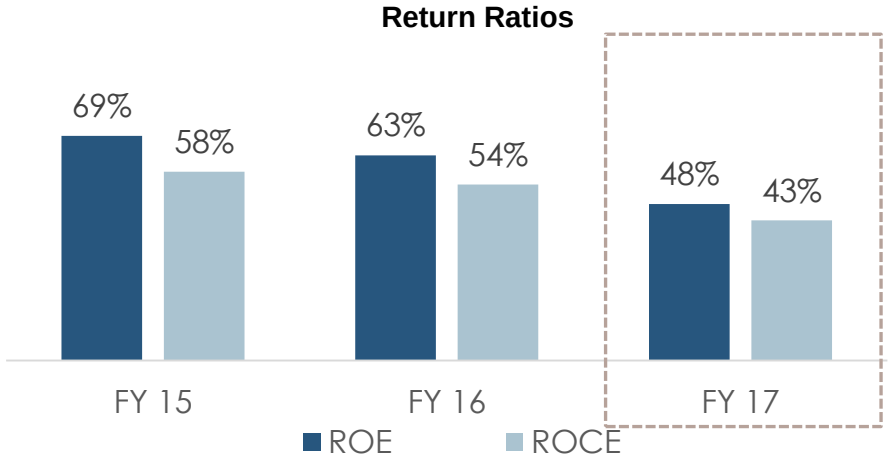
| Particulars | Q4 2017 | Q4 2017 | Q4 2016 | FY 17 | FY17 |
|---|---|---|---|---|---|
| | Audited | **Adjusted** | Audited | Audited | **Adjusted** |
| **Total Income** | 376 | **562** | 566 | 2,194 | **2,380** |
| **EBITDA** | -41 | **53** | 82 | 402 | **495** |
| **PAT** | -66 | **14** | 42 | 200 | **278** |
| **EBITDA %** | -10.79% | **9.40%** | 14.38% | 18.32% | **20.81%** |
| **PAT %** | -17.18% | **2.41%** | 7.40% | 9.13% | **11.69%** |
| **EPS** | -2.92 | **0.61** | 1.90 | 9.07 | **12.60** |

# Key Performance Indicators



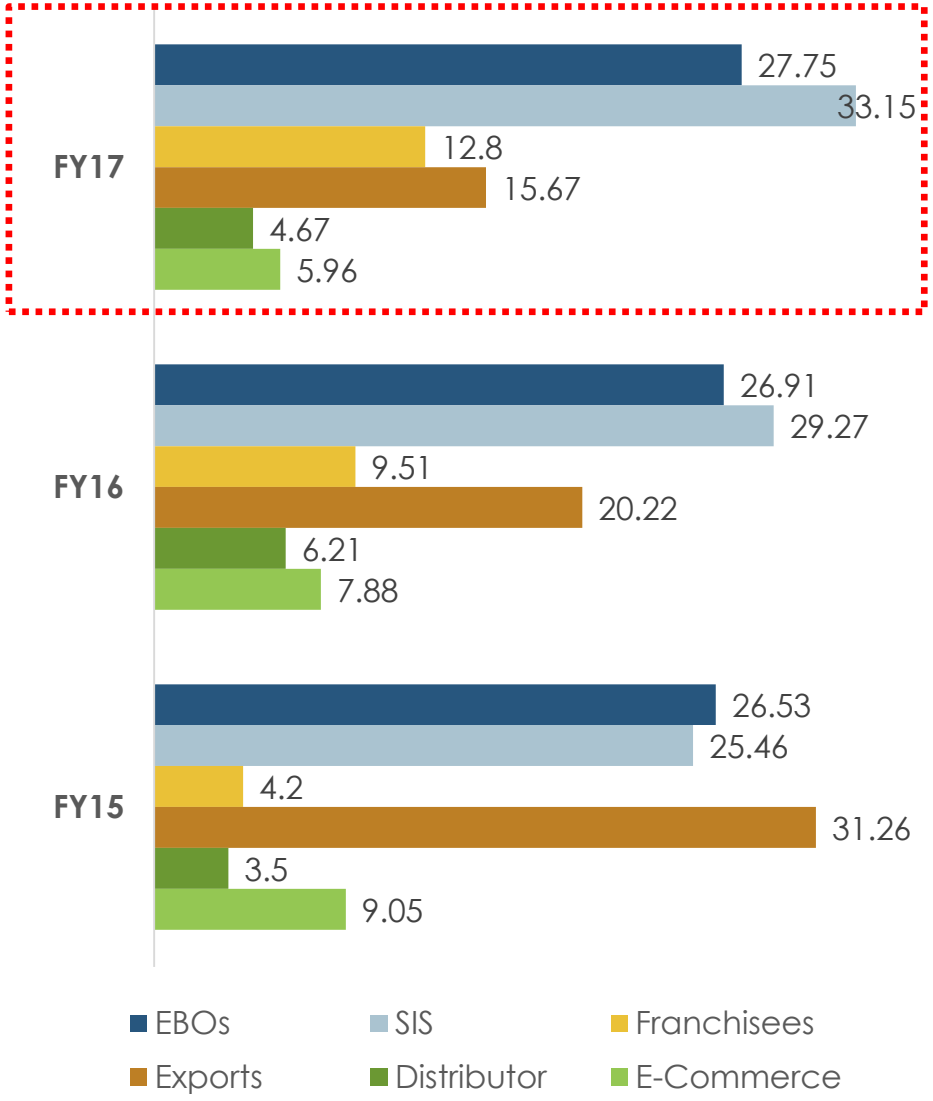



# Channel Wise Contribution

## Category Wise Sales (%)




## FY17 Update and FY18 Outlook

**EBO and Franchisees**

- 6 New Stores Opened in FY17
- The company plans to open 20 new stores through EBOs and Franchisees. The focus will be on Tier 2 cities.

**SIS and Distributors**

- Added 66 new SIS/Distributors in FY17
- The company plans to significantly new points of Sales through these 2 channels. Currently the largest SIS partners are Shoppers Stop and Lifestyle

**E- Comm**

- Myntra is currently the largest E-Commerce partner. Looking for tie-ups with other large retailers.

**Exports**

- Middle East and France continue to remain strong
- Looking at Tie-ups with large retailers in US and South East Asia

# Cash flow Analysis

| In INR MN (except as stated) | FY 17 | FY 16 |
|---|---|---|
| **Cash Flows from Operating Activities** | 72 | 314 |
| Net Profit for the period | 321 | 327 |
| Add/Less: Revenue Adjustment | 80 | 74 |
| Add/Less: Working Capital Adjustment | -88 | -87 |
| Less : Income tax paid | -241 | -- |
| **Cash Flow From Investing Activity** | -35 | -59 |
| Purchase of Fixed Assets | -35 | -59 |
| **Cash Flow from Financing Activity** | -35 | -259 |
| Change in Non Current Liabilities | -15 | -215 |
| Adjustment for Revenue Items | -20 | -44 |
| Cash and Cash Equivalents beginning of the year | 3 | 6 |
| **Cash and Cash Equivalents end of the year** | 5 | 2 |

# Balance Sheet

| Equity and Liabilities (INR mn) | FY15-16 | FY16-17 |
|---|---|---|
| Share Capital | 0.5 | 221 |
| Reserves and Surplus | 636 | 616 |
| **Net Worth** | **636** | **837** |
| | | |
| **Non Current Liabilities** | | |
| Long Term Borrowings | 21 | 0 |
| Deferred Tax Liabilities | 4 | 0 |
| Other Non Current Liabilities | 90 | 94 |
| | **115** | **94** |
| | | |
| **Current Liabilities** | | |
| Short Term Borrowings | 53 | 59 |
| Trade Payables | 297 | 412 |
| Other Current Liabilities | 158 | 47 |
| Short Term Provisions | 220 | 130 |
| | **727** | **648** |
| | | |
| **Total: Equity and Liabilities** | **1,478** | **1,579** |

| Assets | FY15-16 | FY16 -17 |
|---|---|---|
| | | |
| **Non Current Assets** | | |
| **Fixed Assets** | **247** | **249** |
| Tangible Assets | 242 | 244 |
| Intangible Assets | 5 | 4 |
| Capital WIP | 0 | 1 |
| **Long term loan and advances** | **156** | **173** |
| | | |
| **Current Assets** | | |
| Inventories | 400 | 394 |
| Trade Receivables | 661 | 744 |
| Cash and Cash equivalents | 2 | 5 |
| Short Term Loans and Advances | 8 | 5 |
| Other Current Assets | 5 | 9 |
| Total: Current Assets | **1076** | **1157** |
| | | |
| **Total Assets** | **1,478** | **1,579** |

# Strategic Priorities FY18

- Renewal of Brand Agreement Beyond 2020
- Improve Domestic Penetration especially in Tier 2 cities
- Expand Geographical Footprint – US and South East Asia key area of focus
- Improve Operational Efficiencies

# Our Ethos

100%

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For Further Information; please contact

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