"Monte Carlo Fashions
Q4 FY2019 Earnings Conference Call"

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

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY2019 results call of Monte Carlo Fashions hosted by Emkay Global Financial Services. Today we have with us today, Mr. Sandeep Jain, Executive Director and Mr. Dinesh Gogna, 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 an 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. Preethkar R of Emkay Global Financial Services. Thank you and over to you Mr. Preethkar!

Preethkar R: Good afternoon everyone. I would like to welcome the management and thank them for giving us this opportunity. I would now hand over the call to the management for opening remarks. Over to you gentlemen!

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 the senior management.

We begin by thanking you all for sparing your time in joining us here today to discuss our earnings of Q4 and full financial year 2018-2019. We recorded a robust revenue growth of 14% in financial 2019 backed by improved traction across all business segments.

The woolen segment grew by 14% year-on-year and the cotton segment grew by 16% year-on-year. Home furnishing segment grew by 41% year-on-year and gift segment grew by 22% year-on-year. The gross margins increased by 10% year-on-year. Gross margin percentage declined from 49.3% to 47.5% primarily on account of higher discount sale in the fourth quarter. While we keep our operating costs under control so there was significant increase in advertising and marketing expenses.

We continue to aggressively invest on brand building and marketing initiatives. Our advertising expense increased to ₹36 crore compared to ₹24.8 crore in financial year 2018. These initiatives are helping us to strengthen our brand recall across all segments. We will continue to enjoy strong customer response for our woolen wear collections and cotton wear collection.

In addition to this, over the years, our cotton segment has also been displaying robust growth and our fitness and sportswear collection Rocket continue to witness growing consumer segments. We continue to maintain a strong benefit position. As in March 2019, we had cash position of ₹124 crore. Our working capital position remained stable while we achieved 14% growth in revenues. Return on capital employed was 19%.

Talking briefly about the fourth quarter performance, our revenue increased by 14.5% year-on-year, backed by robust growth for the whole segments. Gross margin declined on account of additional discount of ₹19 crore due to higher discount sales during this quarter. Advertising and marketing spend increase by ₹4.46 crore. We also spent an additional ₹4.6 crore on account of CSR activities.

Going forward, we shall focus on delivering robust and profitable gross across all business segments. We have a strong distribution network across India of around 2,500 plus MBOs and distributors 256 EBOs and 306 national chain stores. Majority of our revenues come from MBOs and franchisee EBOs, where we primarily sell on preorders and on outright basis. This helps us remain insulated against any inventory and credit risk. We have sufficient capacity to grow our business over the near term and we do not foresee any major capex for the next two years.

We can now open the floor for question and answer session. Thank you very much.

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Zaki Abbas who an individual investor is. Please go ahead.

Zaki Abbas: Good morning and my first question is, in the last call, the management commented on the fourth quarter being slightly better because of an extended winter and why have we increased discounts when there was an extended winter? And my second question, is this CSR a statutory spend or one of its kind spend? Thank you.

Sandeep Jain: Thank you, Abbas. For the first question, we did talk regarding this on our third quarter conference call as good winters, which was primarily a very good season in the third quarter, where we made better dispatches as compared to last year. However, in the fourth quarter, the main reason for increase in discount is that the goods remained almost same, but the percentage of discount which normally goes 20%-30%, actually went to 40% and 50%. Therefore, because of higher discounts slabs the overall discount increased in the quarter, which actually hurt the profit margin in a particular fourth quarter. Moving towards your second question, we have not provided the CSR expense for the last two years and so it's a cumulation of the CSR expense for all the three years together, in this financial year. Otherwise from the next year onwards it will be a normal one-year expense.

Zaki Abbas: Sir there is a continuous effort on the part of the management to change the percentage between woolen and cotton and as I see your video advertising campaign, it concentrates on your summer wear so what is the percentage of woolen versus cotton right now and going forward, do you see, in the current year, a more favorable tilt towards the cotton? Thank you.

Sandeep Jain: Cotton segment has been growing better as compared to woolen wears for the last couple of years that is why the contribution from cotton has increased to more than 60% in the current year itself, as compared to last year. We do see that cotton segment would continue to grow faster than the woolen segment however, in the next year we are optimistic as far as woolen growth is concerned, since this year we have seen the stock levels at the retail level for woolen suitors have gone down, so we are very optimistic that we should have at least 15% growth in woolen. Going forward, as far as holding growth is concerned for the next financial year and overall growth will project more than 15% for the next financial year also, for overall cotton and woolen.

Zaki Abbas: Okay Sir. Thank you. One more question, will the margins in woolen be better than cotton?.

Sandeep Jain: See margin in cotton is better than woolen as of now, both are similar the difference is just 100 basis points.

Zaki Abbas: Sir when you announced your buyback in Q3 you also mentioned that this may or may not have affected your dividend policy, so this year would you be skipping the dividend due to buyback.

Sandeep Jain: This has not been decided by the board yet, but as of now what was decided was that we have to benefit our shareholders by going for the buyback, which the company rightly did in this last month and promoters did not participate in that, so that shows the intention of the company to benefit the shareholders by one way or the other, so as of now I do not have any information on the dividend policy because the board has not decided yet on dividend. Sorry to say that no dividend this year has been decided by the board.

Zaki Abbas: Thank you Sir.

Moderator: Thank you. The next question is from the line of Deepan Shankar from TrustLine Holdings. Please go ahead.

Deepan Shankar: Good afternoon everyone. Thanks a lot for the opportunity. Sir first of all we would like to understand this western region has fallen by 20% so what are the specific reasons for that?

Sandeep Jain: It is 20% but yes there has been fall in the western region. I would let you know the exact turnover of revenue from the western region for this year and last financial year. It was 31.5% for the last year and this year it is 20.25% so there has been a fall of around 10% as you mentioned 20%. The fall was basically because of less winter sales that happened in that region in this financial year.

Deepan Shankar: So otherwise our aim of diversifying more into southern and western markets, so how is that been progressing?

Sandeep Jain: Yes, but there are challenges as far as southern and western markets are concerned. We have not been able to grow much this financial year in the Southern region, it was 18.24 last year and 18.83 this year, but we are trying to achieve more revenue growth in the coming financial year by putting SIS in some of the Southern big chains.

Deepan Shankar: One more question on this balance sheet front, the inventories and trade receivables has gone up quite sharply, so this is only due to Q4 affect or will it continue?

Sandeep Jain: Inventory, if you say the number has gone down. It has come down to 107 as compared to 110 but overall the inventory and sales have gone up. If you see, 14% is the growth in the sales and the inventory has grown only 10% for the number of days has come down.

Deepan Shankar: Trade receivables?

Sandeep Jain: Yes. The trade receivables number of days is 123, last it was 121, so there is a difference of two days.

Deepan Shankar: So how is the cotton summer sales?

Sandeep Jain: Cotton summer sales are better as compared to last year and we have seen a growth of around 15% in the cotton summer sales as compared to last year.

Deepan Shankar: Any expectation this year on winter sales?

Sandeep Jain: See as of now most of the booking has been over so we can safely guide the investor community that we would like to grow around 15% in this financial year as well and you would also like to give a margin guidance of 16%-17% for the next financial year.

Deepan Shankar: Thanks a lot Sir. I will come back.

Moderator: Thank you. The next question is from the line of Shreyans Mehta from Shree Capital. Please go ahead.

Shreyans Mehta: Thank you for this opportunity. I just wanted to know who is going to answer the question. If this is for Mr. Sandeep Jain, is he available for answering the question at this moment? Good afternoon Mr. Jain and thanks for if you want question once again. I just referring back to the dividend distribution and I have been lengthening into this conference call for the last couple of quarters. Every quarter when the questions come along the time lines of dividend distribution policy, it is safe that board decide, but you are also the Executive Director of the board, how and when are we likely to get a clarity on dividend distribution policy, because keeping divided this year that is something which was never kind of intimated or hinted at and by that policy or if have stated by this policy that will also help the investors. Can we have a clarity if this quarter or can you assure this by next quarter you will have it discussed in the board and help them clarify on that please?

Sandeep Jain: This company has always believed to help the shareholders to help the investors by distributing its wealth. In the last four years, the Company has almost distributed ₹150 crore of wealth to the shareholders. In last three years, we have given dividend but for this year as you all know that we have just computed the buyback where we spent almost ₹55 crore so that is also a way of distributing the wealth to the shareholders and promoters did not participate even in that, because we control almost 67% of the company, so as of now there is no distribution policy, but one thing is very clear, we have had to distribute our wealth to shareholders this year and they have gone for buyback so divided has not been decided by the board.

Shreyans Mehta: I agree and I fully appreciate that the promoters have been rewarding all disturbing wealth amongst the shareholders. My only concern on part of the investors possibly have the requirement of visibility in terms of if the boards decides that okay buyback is going to be our policy of distributing or rather returning the money to shareholders, then let it be known. We will have a clarity and visibility. I hope you will agree to this point at least.

Sandeep Jain: See one thing which I can assure you is that the company is always here to benefit the shareholders either by the way of buyback or by way of dividends, so something or the other will definitely happen, but this year because the buyback has been done so that is why the divided has not been considered.

Shreyans Mehta: Okay, so it appears that possibly the board is not in a position at this movement till it gives clarity on this. Can you at least elaborate on what will be the factors, which will guide your decision in terms of distribution by divided or buyback, what will be actual thing we should be looking at?

Dinesh Gogna: This is Gogna. I am one of the directors of the company. Distribution of dividend is concerned we have not formed any policy so far, but the precedence and the earlier years whatever the approach the company has adopted it clearly gives this indication that the company has got a good dividend process and we keep on rewarding to the shareholder, but since the profit of each and every year vary, it depends, the board has a chance to consider that what should be the correct distribution and we are trying our best. Last year, after PAT, our distribution was more than 40% range. Therefore, the company will have a liberalised policy, but the company has not formulated so far any dividend distribution policy. It is not fixed. It depends on the year-to-year profit. Company also has an investor friendly approach. If you go into mathematical calculation, you will find that one-year dividend on 100% will cost me ₹22 crore plus some taxes. Now this year, I have distributed ₹55 crore and I have refrained the total management from participating in this. We have not taken any share out of it, so basically earlier what we used to is distribute to our investors that was roughly around say 100% if goes to the say around 35%. 35% means even if we are distributing say 22 Crores of rupees then to the investors if we use to owe only 7 Crores of rupees. This year we have given the investor 55 Crores which is 6-7 times in the one-year distribution of divided to shareholders other than promoters.

Shreyans Mehta: I definitely agree with the thought process which you are sharing and I think this is the thing which you have shared in earlier calls as well, but we wanted some amount of visibility, it is okay if management is not in position to give anything at this moment. Wish you all the very best for the further calls.

Dinesh Gogna: With all regards to your opinion, I would like you to know we have not decided any fixed policy of divided, but our approach in last 4-5 years ever since we have got our shares listed, is very clear, which shows that we have a very friendly approach towards the investors, when the distribution of our profit is concerned.

Shreyans Mehta: My best wishes for the coming quarters. Thank you so much.

Moderator: Thank you. The next question is from the line of Austin Dmello an Individual Investor. Please go ahead.

Austin Dmello: This is just referencing back to the first question about the margins and basically on one hand we are saying the winter was reasonably good and that should be basically good for the business. On the other hand, we are saying that we are compelled to give heavy discounts like 40%-50% so my point is are we seeing any stress with the margins and our bargaining power with our buyers going down because why would we reduce margins? We have already given such heavy discounts if the winter season is good and the demand is actually good?

Sandeep Jain: It is a good question. Basically, the winter season is divided in to two parts. One is October, November and December and the second is January, and February, so what happens is that in the beginning of the season, the winter onset was on-time and we see the fresh sales were similar as compared to last year so we thought that we will have a good winter season, in the January and February also. However, what happened is January and February most of the brands have gone for early discounts and they went for straightway ,30%-40% instead of 20% and 30% which used to happen in the last 2-3 years, so we were not anticipating the higher discount, where the company this year has decided on returning the profits via buyback, which is a fairly sensible thing to do; however, this logic is why would the company, where the promoters are not participating, go for a fixed price buyback? For the same amount of money had the company done a top market buyback, it would have been to garner much higher number of shares at a lower price, meaning the EPS would have been much higher in the years to come so that is something which is actually baffling and it is only another fixed price buyback benefits only the larger shareholders where the promoters are not participating?

Sandeep Jain: See basically the fixed price buyback was triggered because the price share went down very low in the market as we came with the IPO ₹ 640 so there even the investors who have started with us in 2014. Our intention was to benefit everyone and not only the largest shareholders, so everyone should participate and tender their share in order to benefit everyone because promoters are not participating so the buyback ratio would have gone to 14%-15% as 65% being held by the promoters, so that is our intention that everybody should get benefited by this decision of the board.

Vipul Shah: I agree, I am not debating on the intention Sir. What I am only saying is that even on stock market buyback the shareholders can participate, in fact it helps both the shareholders and the company as the company can garner much larger number of shares via the stock market route so the only thought I leave behind is the company proposes to return the wealth back to the shareholders in a form of a buyback rather than doing a quick price buyback where the promoters are not participating. If the promoters are not participating then it should be via stock market route, so that it benefits our large pool of shareholders in the future. I agree if the promoters are also participating then it makes sense to lieu a fixed price buyback because otherwise it does not benefit anybody, other than the large shareholders.

Sandeep Jain: In such as a situation like, if I go back to buyback through stock market when it gives benefit only to those people who have their presence in the stock market, they come further in the selling and as soon as that part is over I close it.

Vipul Shah: It benefits everybody right.

Sandeep Jain: There are so many people who do not come to the stock market, I agree on that and my shares have widely scattered in India.

Vipul Shah: So how does the fixed price buyback work? You also tender on the stock market

Sandeep Jain: On a tender offer everybody has got the right, this offer goes to everyone and you can tender a share and accordingly whatever the proportionate is fixed as per the SEBI rules, we go ahead with that. We are nobody to decide any policy, for that reason it is only SEBI who approves it, so we are advised by our merchant banker also. And then decided by the board we tried to penetrate to all the investors in the equal range.

Vipul Shah: **W**ith due respect, I am also an investment banker Sir. I am only saying that it benefits each and every shareholder much more if the promoters are not participating to conduct a buyback via the stock market route.

Dinesh Gogna: we understood your point of view and we will consider this. Anyway next time whenever suppose the company takes a decision to buyback only by one way like it is not over, whenever we will decide next time, we will certainly take your advice and discuss it with our merchant bankers whosoever could be at that time and with the consents in the board, the decision will be taken.

Vipul Shah: Thank you.

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

Nilesh Shah: I just wanted to ask after the buyback how much cash is left on the books, I think you had mentioned it at the beginning, but I seemed to have missed it?

Sandeep Jain: □130 crore.

Nilesh Shah: The other thing is that, in last few years, our bottom line has not been growing because of margin pressures ,one off etc., the sales return all of those one off, is behind us in FY2020 we will have no such one off coming or something which has not been provided for and is now getting provided?

Sandeep Jain: I had confidently announced this one thing the worst is over for us. We did not anticipate this much discount and we have also learned some of the things in this particular quarter, and at our level, the company has already taken steps and efforts so that the guidance, which we are giving at least in the starting of the year is not only maintained but overpassed. I once again say that the intent is to grow 15% as far as revenues are concerned and 16%-17% as far as EBITDA are concerned and we make sure that this happens at the end of this financial year.

Nilesh Shah: That is very heartening, because for example the CSR now we have suddenly come up saying you have not provided for the previous three years and now we are doing it in one year, so that is like not a business thing but it is probably.

Sandeep Jain: So for CSR, we in a group have formed consortium and we are spending our CSR amounts in fact in the project and for that this Oswal Foundation has been formed and they had already started that project a bit late, so these are five companies in our group, which were contributing less so far. We did not contribute because they did not need the funds at that time, but we made the provision, but as per the accounting standards if you have not actually tendered the cash it is not allowed, we made the provision we commented in our directors report, but the auditors did not allow us to claim these an expense above the line. What we did was this year when the project had come up and they were in the need of funds so we have contributed whatever the liability accumulated by us in earlier year and as well as this year, so therefore that thing is over and now onwards our profitability is concerned, we knew it that this much of provision had to made by us, but this year the cash asset is there, so now onwards we will be providing from year-to-year last year as liability, this is expected to be around between □1 to □2 crore only .

Nilesh Shah: One Last thing just a suggestion. Next time let's not have a gap between announcing results and holding the call. I mean you are having a gap of one full day in between.

Sandeep Jain: We will assure this next time. Noted down your point. Thank you very much. The conference call will be followed by the next day.

Nilesh Shah: Yes absolutely, because anybody can take advantage of this.

Sandeep Jain: Thanks for your advice and we will definitely note it down.

Nilesh Shah: Thank you so much and all the best for the current financial year.

Sandeep Jain: Thank you very much.

Moderator: Thank you. We move to the next question, which is from the line of Neeraj Mansingha from Goldman Sachs. Please go ahead.

Neeraj Mansingha: Sir I wanted to know some numbers, volume numbers, what are volumes for the quarter?

Dinesh Gogna: Yes, you want the older number for full financial year for all the categories?

Neeraj Mansingha: Quarterly and full financial year?

Sandeep Jain: Just a minute. The first one is woolen categories sales, which is for the full financial year, it is ₹13.24 lakhs as compared to ₹10.89 lakhs and in case of cotton categories it was ₹63.95 lakhs as compared to ₹52.7 lakhs and so this quarter we do not have the quarterly figure right now but definitely I will advise my CFO to make it available to you.

Neeraj Mansingha: And the home furnishings?

Dinesh Gogna: Yes, just a minute. Home furnishing the volume was ₹4.66 lakhs as compared to ₹3.25 lakhs.

Neeraj Mansingha: And the kids?

Dinesh Gogna: And the kids is ₹6 lakhs as compared to ₹5 lakhs.

Neeraj Mansingha: That was the volume and the rocket how was the performance for the quarter?

Dinesh Gogna: The Rocket performance has been ₹2.55 Crores as compared to last year ₹2.5 Crores, but this year we are stepping a target of ₹4.5 Crores as we have tied up.

Neeraj Mansingha: You are talking about the year?

Dinesh Gogna: For the year I am talking about.

Neeraj Mansingha: And for the quarter, how much?

Dinesh Gogna: Quarter is insignificant. I think it is in the range of around ₹40 lakhs.

Neeraj Mansingha: There you mentioned that EOSS percentage was very high. Can you tell me why the reason that EOSS has went up so high and why cannot it repeat for the next year also?

Dinesh Gogna: I am not saying it cannot be repeated for the next financial year, but what I am saying is that normally the discounts are in January and February and starts at 20% and then it goes to 30%, then 40%, then 50%, but this year most of the brands have started from 20% immediately by January 20, 2019 they went to 40% and 50%, so we have to increase our discounts accordingly to get rid of the stocks otherwise we would have been stuck with the stock and fortunately we go rid of the stock but definitely on the extent of so higher discounts, so we never anticipated that and that has actually hurt our margins that is why ₹18 Crores extra discount has been given in the fourth quarter.

Neeraj Mansingha: I understand that, I wanted to know the reasons for the discount. if you could put some light?

Sandeep Jain: Discounts happen every season, every year we give discount but the perspective of discount this year has gone up.

Neeraj Mansingha: Why is the discount percentage gone up is what I am asking?

Sandeep Jain: Because other brands have started 40%-50% too early as compared to last year so we have to follow that, so the goods which were to go at 30%-20% had to go at 40%-50%, so the goods quantity remains same, but the average discount applied down that goods actually went up to 40%-50% instead of 20%-30%, so that is the reason extra discount has been given in this financial year in this quarter and it can happen in the future as well, but we have our safeguards for that I have already explained a few questions earlier.

Neeraj Mansingha: The other thing is if you look at your revenue proportion most of the revenues comes from our combination of so-called wholesale business which is the MBO. So what I have noticed is that that number of MBOs have remained flat for the last one and half year, can you speak something about that, in fact not much of demand or you have covered entire India what are the region that you still have sitting on 2,500 plus MBOs?

Sandeep Jain: Basically some of the businesses are now going back to distributors and for the Villipur distributor is the number of MBOs not known to us, so they have increased as far as distribution sale is concerned but the number of MBOs actually we only take those MBOs which were directly we bill it to, not to distributors, but the national chains and outlet have gone up, the EPOs have gone up and the MBOs and distribution has gone up, so the direct MBOs we have rightly suggested remained same.

Neeraj Mansingha: So, what would the revenue be for the company?

Sandeep Jain: If I break up the sale of ₹671 Crores. MBOs contributed along with the distributors ₹313 Crores, EPOs contributed ₹259 Crores, corporate sales contributed ₹65 Crores, E-commerce sales contributed ₹21.55 Crores, so this is the breakup.

Neeraj Mansingha: I wanted to know more about the distributor MBO of that how much would be the NCS?

Sandeep Jain: ₹313 Crores came from the MBO channel.

Neeraj Mansingha: But how much would be national chain stores sales out of that?

Sandeep Jain: It is ₹31 Crores.

Neeraj Mansingha: ₹31 Crores. Ok basically almost 10% of your NCS and MBO together is your NCS today.

Sandeep Jain: NCS is less than 10% today.

Neeraj Mansingha: But this was 15% almost a year back into concall you get given these numbers, so why is the share of the NCS is going down while NCS is one of the fastest growing channels in the country?

Sandeep Jain: Basically we are not increasing our sales in NCS because it is sole consignment sales and that is affecting our margins a lot, so we made a policy that it should not go beyond 10% as far as our business is concerned. We are concentrating more on the EBOs and MBOs and we are putting much less focus as far as NCS is concerned because of higher discounts and higher consignment sales.

Neeraj Mansingha: But if you look at the entire industry, the largest growth in the basket of the industry is only on the NCS side, if you put the top down order. Don't you feel that you are missing out the entire growth for the industry because of not being present in the NCS site?

Sandeep Jain: I do not think so because we are present in NCS wherever it is required but we believe that the percentage of NCS sales should not go beyond 10% as it may affect our margin and if you see the EBITDA of all the leading players who are in basically more in NSC get single digit EBITDA. I do not want to name the groups you are aware of that, majorly people who do NCS get EBITDA of single digit, but we are mainly focusing on the MBOs, SIS, and EPOs and that is why we were able to maintain our EBITDA. If we increase our NSC sale, definitely the margins will go down further.

Neeraj Mansingha: Can you tell something how you plan to push up the return on equity of your company when you did an IPO, your return on equity was close to 58%, and right now it is close 11% plus range?

Sandeep Jain: Because we have the cash on the book which is actually affecting my return on equity. If we use the cash it will go up to 23%.

Neeraj Mansingha: Okay the way you look at it may be different than I look.

Sandeep Jain: The cash adjust is return on equity is higher basically they all in the books.

Neeraj Mansingha: The last question is how do you see when you talk of revenue growth of 15%, what are the factors you see which can lead to higher or lower revenue growth in FY2020 versus a 15% number you are right?

Sandeep Jain: Revenue we have taken everything, all the contingencies and I am sure about that we cannot go below 15% next year and the margins we have considered high discount reasoning for next fourth quarter also and we would be able to maintain 16%-17% margin.

Neeraj Mansingha: And you also said that you had cut some cost. Apart from advertisement can you throw some light on the costs that you have cut?

Sandeep Jain: See I cannot give details on that because that is something which I cannot disclose, but there are certain costs, which we have cut it down, so that definitely benefits the operation as far as efficiencies and postings are concerned for this financial year.

Neeraj Mansingha: Thank you very much.

Moderator: Thank you. The next question is from the line of Manish Sehgal an Individual Investor. Please go ahead.

Manish Sehgal: My apology in case this question was asked earlier. I joined in a bit late. This time any dividend discussion has happened and this or it will be happening later?

Sandeep Jain: No dividend has been announced this year as we already precluded buyback of □55 Crores this financial year.

Manish Sehgal: No dividend this year, okay and do we expect any buybacks going forward, to return something to the shareholders during this year?

Sandeep Jain: We just concluded a buyback a month back so I do not think anything has been discussed for the future right now but one thing is very clear, that we are here to benefit our shareholders, is either by the way of dividends or buyback, and it will be informed in due course of time.

Manish Sehgal: So Sir we have discussed short-term vision of 1-2 years, but I guess management sitting in the board room would be discussing a 5-10 year vision also so can you share a bit on that as a shareholder who is potentially a long-term investor, I would be interested to know that?

Sandeep Jain: See one thing that I can assure you is that the company has been growing 18% CAGR from last 10 years ,we could grow 15%this year, last year the growth was 17% but because of a transfer it came down to 14% so one thing which we are focusing and concentrating on is, to have a profitable growth of 15% revenue growth every financial year.

Manish Sehgal: But say a 5-10-year vision, you continue to look at that number or you have some different plans on those things?

Sandeep Jain: I can definitely say yes, it is being discussed every year for the next two to three years that we need to grow 15% to grow □1000 Crores of turnover, we have already given this presentation to our retail team and EBOs on how to achieve that target, so we are moving in that direction, which is a step being taken by the company in last few years.

Manish Sehgal: Thank you.

Moderator: Thank you. The next question is from the line of Dipen Shankar from Trustline Holdings. Please go ahead.

Dipen Shankar: Thank you a lot for the opportunity again. Sir how has the kids' segment been doing, and have you reached all the store levels in the trained market segment?

Sandeep Jain: I think the kids' segment, is doing well. We have grown almost 25% as compared to last year because it has reached almost in all the territories, we are operating the northern, eastern and the central range were suppose to be sales are happening for our other categories as well and it is present in almost around 150 EBOs as of now. In the next year, we are targeting a growth of 30% in our kids' category.

Dipen Shankar: Thanks a lot, and all the best.

Moderator: The next question is from the line of Zaki Abbas an Individual Investor. Please go ahead.

Zaki Abbas: Sir this is regarding brands. You mentioned that Rocket is around ₹4.5 Crores in the current year now don't you think that is a bit tiny when compared to our overall topline and would you look at shuffling these brands ? because right now the market turnover is doing majority of the sales, so would you mind looking at the brands and new structures in them as and when the times comes? Thank you.

Sandeep Jain: Thanks for asking this question. Basically, we have three brands right now. Monte Carlo as we all know and second is Cloak and Decker. We started Cloak and Decker three years back. Last year it had a turnover of Rs.12 Crores, this year we closed at Rs.25 Crores, so smaller brands do take some of the time in the beginning and similarly Rocket is also taking some time and I am sure that next year we should around 70%-80% in Rocket as well and next three years we are targeting a sale of around ₹20 Crores and that is what we have received in Cloak and Decker also. Cloak and Decker was started 2.5 years back, so this year we have achieved a target of ₹25 Crores in Cloak and Decker and next year the target for Cloak and Decker has been maintained at ₹30-35 Crores. Therefore, these brands definitely increase as far as the total revenue of the company is concerned and their presence in segments where do not compete with the existing brand Monte Carlo, so that is why these segments have been created.

Zaki Abbas: Sir your expansion in the south, what is your policy on opening, see because to showcase a brand you require a company-owned company-operated showroom so what is your policy on these company-owned company-operated showroom. See these are basically set standards up in the market so what is your policy on how you push the sales Sir? Thank you.

Sandeep Jain: We have around 8 EBOs in the south as of now and we have planned to open three more company operated EBOs just to make our awareness or may the presence felt in that particular area, but one thing we will admit that south was not that easy which we thought of in the earlier year's report, so we are definitely facing challenge as far as south India market is concerned, but again I would say that opening of 3 EBOs will definitely help Monte Carlo for a good brand recall and also we have started SIS with some of the major retial chains over there like RS, Mall, Pothys were we opened last few years, so these initiative that we will definitely have some more place in the south in the coming years.

Moderator: Thank you. As there are no further questions, I would like to hand the conference over to the line of management for closing comments!

Sandeep Jain: Thank you very much for sparing your valuable time and listening to us and we make sure that whatever commitment we have made in this conference call will definitely going to achieve it and still if anybody has any questions which is not being asked, you can always mail us to Mr. Gogna, to me or to Mr. R.K. Sharma. Thank you very much.

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