

**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**

February 7, 2020

National Stock Exchange of India Limited Exchange Plaza, 5 <sup>th</sup> 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: Q3FY20 INVESTOR PRESENTATION**

Dear Sir / Madam,

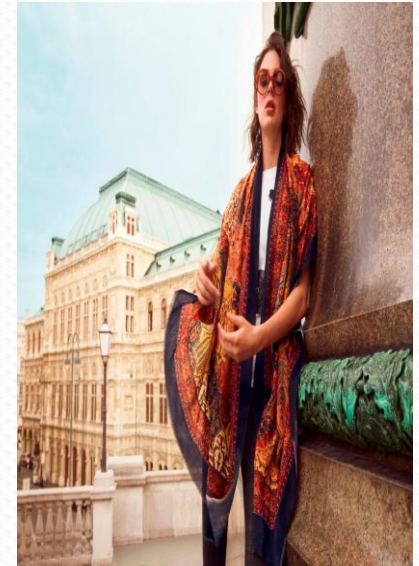
Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Investor Presentation for the Quarter and Nine Months ended December 31, 2019.

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**

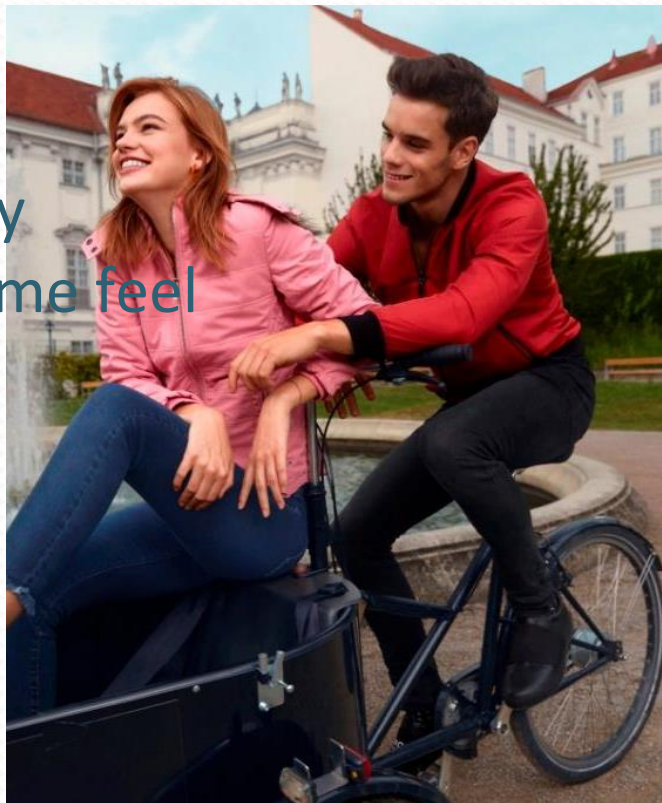
**MONTE CARLO**   
It's the way you make me feel



**MONTE CARLO FASHIONS LIMITED**  
Q3 FY20 INVESTOR PRESENTATION

“

It's the way  
you make me feel



## DISCUSSION SUMMARY

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# 01

## COMPANY OVERVIEW



## STRONG PEDIGREE

- Leading Winter wear Brand, launched in 1984 and part of Oswal Woollen Mills Ltd
- Recognised as **“Superbrand”** for woollen knitted apparel in each edition of Consumer Superbrands India

## WIDE REACH

- Presence across India through a judicious mix of EBOs, MBOs and Shop in shop ,distributors and national chain stores and online
- Located in 20 states & 3 union territory

## IN HOUSE DESIGNING TEAM

- Strong design team of over 30 professionals closely tracking the trending global fashion

## DIVERSIFIED PRODUCT PORTFOLIO

- Successfully diversified brand across segments like Woollen , Cotton, Kids, Home Furnishing



# DIVERSIFIED PRODUCT PORTFOLIO

Range	Woollen	Cotton	Home Furnishing	Kids
<b>Monte Carlo</b> Mid Premium / Premium	Sweaters, Pullovers thermals, woollen accessories (caps, mufflers, shawls,stoles)	Shirts, trousers, t-shirts, track-suits and jackets	Mink blankets, bed sheets and quilts	-
<b>Luxuria -</b> Mid Premium / Premium	Cash wool sweaters , blazers ,coats	Cotton Shirts, trousers and t-shirts	-	-
<b>Denim-</b> Mid Premium / Premium	-	Denim Trouser (jeans) and Shirts	-	-
<b>Alpha –</b> Women wear	Sweaters , cardigans	Shirts, Tshirts,Trousers , jackets and sweat-shirts	-	Sweat Shirts
<b>Twins –</b> Kids wear (7-13 years)	-	-	-	Sweaters,Cardigans, Shirt , T-Shirts and Bottoms
<b>Cloak &amp; Decker–</b> Men’s wear	Sweaters , cardigans	Cotton and cotton blended Tshirts	-	-
<b>Rock It –</b> Sports wear	-	Tank , Polo T-Shirt, Shorts, Track Pants	-	-



# WHAT IS OUR BUSINESS MODEL



- January**
  - Product development & Sampling process
  - Design process is finalised
  - Sample sets sent to our commissioned agents (CA)
- Feb -March**
  - 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
- April**
  - The dealers and distributors of the MBOs place orders with the CAs
  - Pre-booking of orders from MBOs and franchise EBOs
- May Till July**
  - Production of pre-ordered designs commences
- Aug Onwards**
  - Dispatching of winter wear products to EBOs and MBOs
  - Peak Inventory in September, at the beginning of the winter season



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

# DISTRIBUTION MODEL

  
**MINIMUM GOODS RETURNED**

  
**LOW CREDIT RISK**

  
**COMMANDS PRICING POWER**

  
**ORDER TO PRODUCE MODEL**

	MBO and Distributors	NCS	Shop In Shop	EBO-COCO	EBO –FOFO
<b>Distribution Sale Model</b>	Pre-Booking of orders Outright Sales	SOR – Sale or Return / Outright Sales	Pre-Booking of orders Outright Sales	Inventory owned by Company	Pre-Booking of orders Outright sale
<b>Goods Return Risk</b>	No	Yes	No	N.A	Minimal 5% - 10 % of Products Return Allowed
<b>Discount Sharing</b>	No	Yes	Yes	Yes	Yes Range of 5% - 17.5%
<b>Payment Collection Credit Risk</b>	Exclusive commissioned agents are liable to pay	Reputed retail chains	Exclusive commissioned agents are liable to pay	-	Bank guarantee's and PDC taken from franchise





# 02

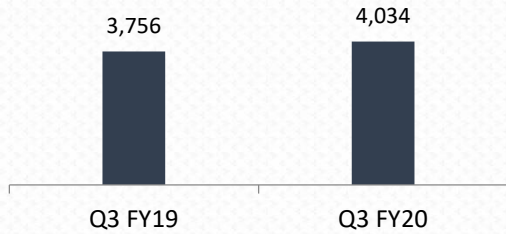
## Q3 & 9MFY20 HIGHLIGHTS



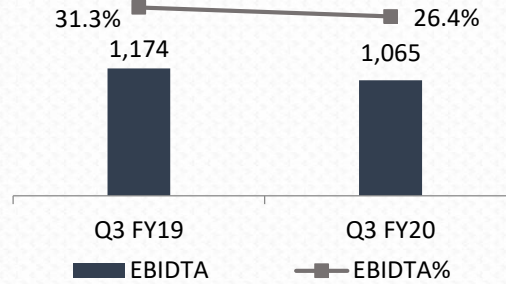
# Q3 & 9MFY20: FINANCIAL HIGHLIGHTS

In Rs Mn

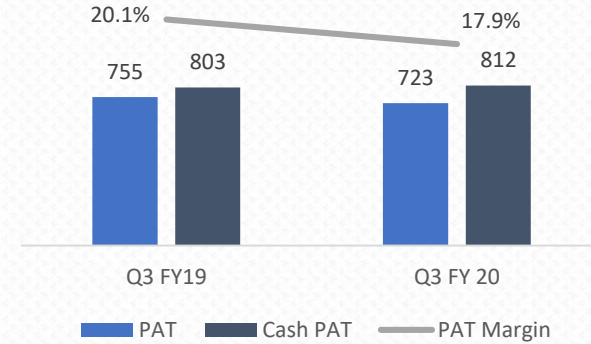
## REVENUES



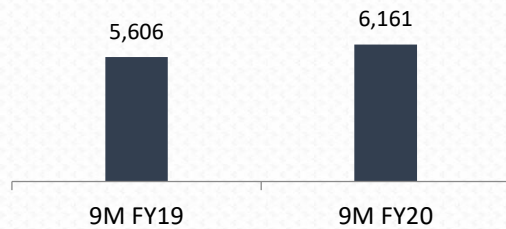
## EBIDTA & EBIDTA MARGIN % \*



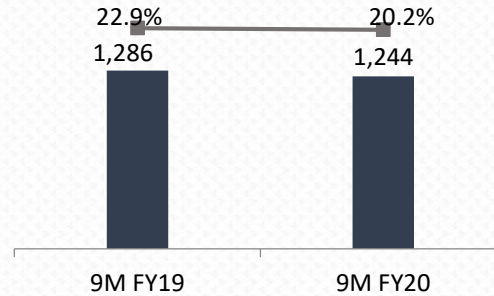
## PAT, CASH PAT & PAT MARGIN %



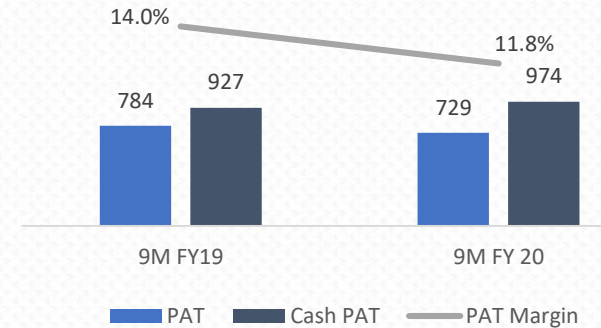
## REVENUES



## EBIDTA & EBIDTA MARGIN% \*



## PAT, CASH PAT & PAT MARGIN %



Revenue figures does not include sale of raw material( fabric,yarn,& trims sales)

\*EBITDA figures does not include other income

# Q3 FY20: REVENUE DETAILS

## REVENUE BREAKUP- REGION WISE (Including Online Sales)

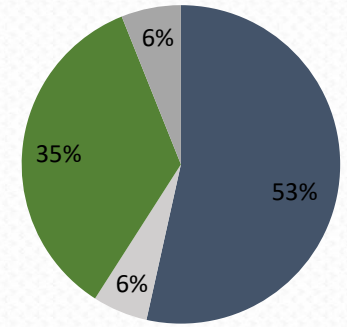
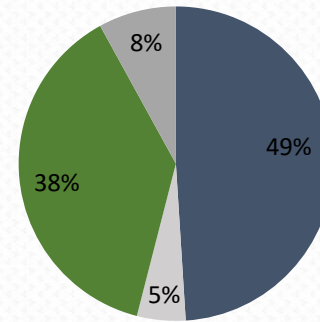
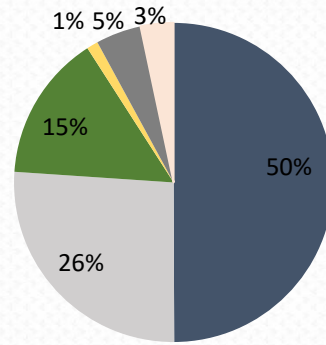
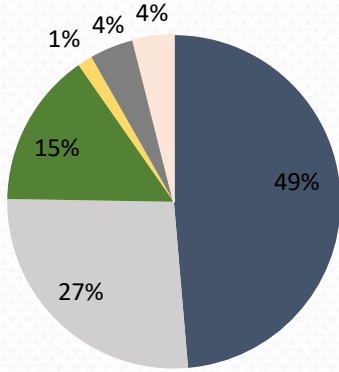
## REVENUE BREAKUP – CHANNEL WISE

Q3 FY19: Rs 3,872 Mn

Q3 FY20: Rs 4,046 Mn

Q3 FY19: Rs 3,872 Mn

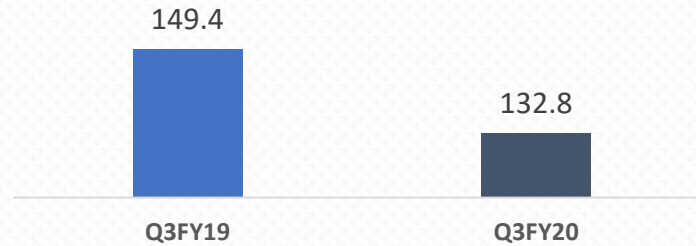
Q3 FY20: Rs 4,046 Mn



■ North ■ East ■ Central ■ South ■ West ■ Others Including Online

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

### Online Sales Growth INR (Mn)

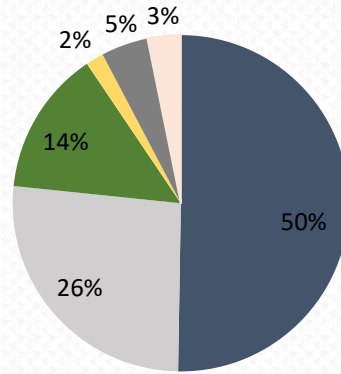
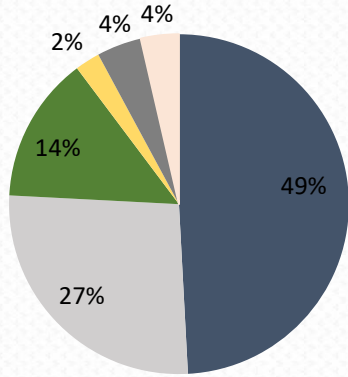


# 9M FY20: REVENUE DETAILS

## REVENUE BREAKUP– REGION WISE (Including Online Sales)

9M FY19: 5,759 Mn

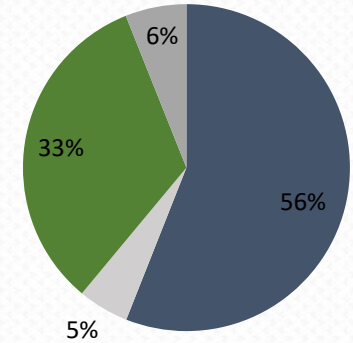
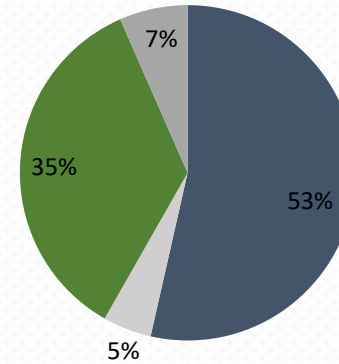
9M FY20: 6,126 Mn



## REVENUE BREAKUP – CHANNEL WISE

9M FY19: 5,759 Mn

9M FY20: 6,126 Mn



■ North 
 ■ East 
 ■ Central 
 ■ South 
 ■ West 
 ■ Others Including Online 
 ■ MBO+NCS 
 ■ EBO-COCO 
 ■ EBO-FOFO 
 ■ Others including online

### Online Sales Growth INR (Mn)



## REVENUE BREAKUP - SEGMENT WISE

In Rs Mn	Q3 FY19	Q3 FY20	9M FY19	9M FY20
Total Revenues*	3,872	4,046	5,759	6,126
Woollen Segment	34.9%	29.8%	27.9%	24.0%
Cotton Segment	50.8%	53.1%	56.6%	56.3%
Home Textiles	8.1%	8.8%	10.1%	12.6%
Kids	6.2%	8.3%	5.4%	7.1%

### FOCUS ON PRODUCT DIVERSIFICATION

- 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)

\* Q3 FY19 Sales of scrap and accessories was Rs.6.10 Mn, Other Operating revenue was Mn & INDAS adj. was Rs. -128.01Mn

\* Q3FY20 Sales of scrap and accessories was Rs. 18.20 Mn, Other Operating revenue was Mn & INDAS adj. was Rs. -35.30Mn

\* 9M FY19 Sales of scrap and accessories was Rs.20.65 Mn, Other Operating revenue was Mn & INDAS adj. was Rs.-184.25 Mn

\* 9M FY20 Sales of scrap and accessories was Rs.61.90 Mn, Other Operating revenue was Mn & INDAS adj. was Rs.-35.99 Mn

# Q3 FY20: PROFIT AND LOSS STATEMENT

Particulars (In Rs Mn)	Q3 FY20	Q3 FY19	YoY%	9M FY20	9M FY19	YoY%	FY19
<b>Revenue From Operations **</b>	4,034	3,756	7%	6,161	5,606	10%	6,564
Material Cost	2,326	2,009	16%	3,241	2,788	16%	3,444
<b>Gross Margin</b>	<b>1,708</b>	<b>1,747</b>	<b>-2%</b>	<b>2,920</b>	<b>2,818</b>	<b>4%</b>	<b>3,120</b>
<b>Gross Margin %</b>	<b>42.3%</b>	<b>46.5%</b>		<b>47.4%</b>	<b>50.3%</b>		<b>47.5%</b>
Personnel Expenses	188	148	27%	510	440	16%	595
Advertisement Expenses	86	79	9%	224	222	1%	360
Other Expenses	354	346	2%	928	871	7%	1,135
CSR Expenditure	15	0		15	0	-	47
<b>Operating EBITDA</b>	<b>1,065</b>	<b>1,174</b>	<b>-8%</b>	<b>1,243</b>	<b>1,286</b>	<b>-2%</b>	<b>1,030</b>
<b>EBITDA Margin %</b>	<b>26.4%</b>	<b>31.3%</b>		<b>20.2%</b>	<b>22.9%</b>		<b>15.7%</b>
Other Income	35	56	-39%	105	126	-16%	182
Depreciation	89	49	83%	245	142	72%	191
Finance cost	55	34	63%	137	74	84%	89
<b>PBT</b>	<b>955</b>	<b>1,147</b>	<b>-17%</b>	<b>967</b>	<b>1,195</b>	<b>-19%</b>	<b>885</b>
Tax Expense	232	393	-41%	238	410	-42%	289
<b>PAT</b>	<b>723</b>	<b>755</b>	<b>-4%</b>	<b>729</b>	<b>784</b>	<b>-7%</b>	<b>596</b>
<b>PAT Margin %</b>	<b>17.9%</b>	<b>20.1%</b>		<b>11.8%</b>	<b>14.0%</b>		<b>9.1%</b>
EPS (Rs.)	35	35		35	36		27

\*\*Revenue & Profit before tax in Q3 & 9MFY20 has been impacted by future discount provisions of Rs.26.4 crores for the period pertaining to Q4FY20

03

MONTE CARLO

ADVANTAGE



# STRONG BRAND EQUITY ...

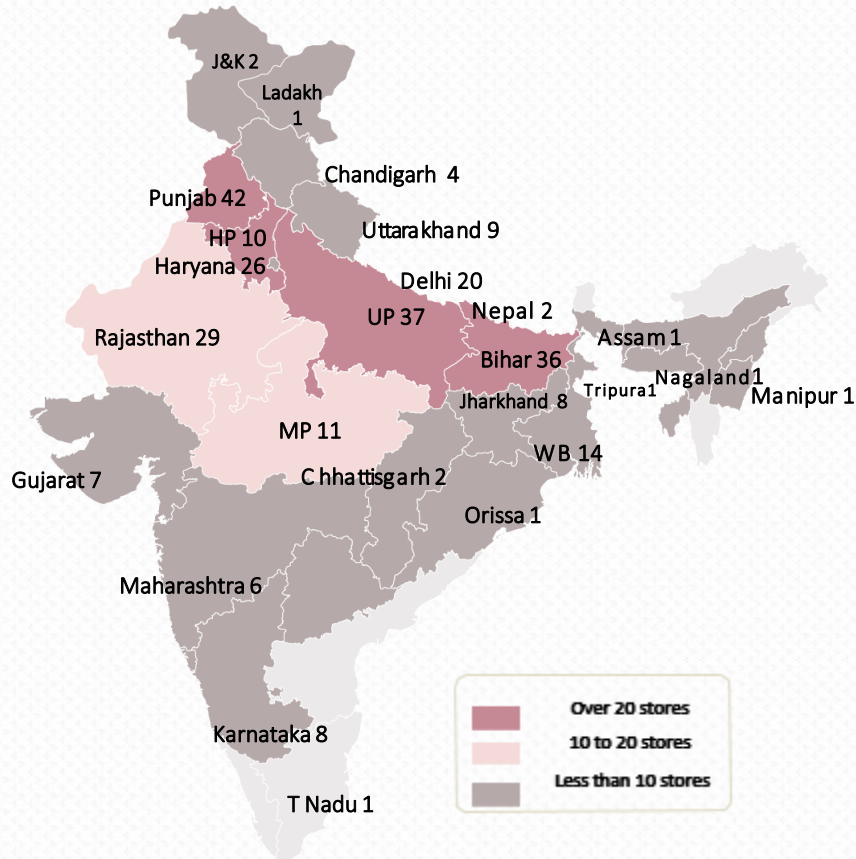
- ❖ “Monte Carlo”, has Strong Brand Equity
- ❖ Being a Premium Brand, Monte Carlo enjoys Pricing Power & Customer Loyalty
- ❖ Regular Investment in Brand Building & Marketing Initiatives



ASPIRE TO SERVICE END TO END WARDROBE REQUIREMENTS OF INDIAN CONSUMERS BY FURTHER INTRODUCING EXCITING RANGE OF NEW PRODUCTS



# ... HAVING PAN INDIA PRESENCE ...



## DISTRIBUTION NETWORK

STORE NETWORK			
Type of Store	FY18	FY19	9M FY20
EBO – COCO	21	27	37
EBO – FOFO	214	229	241
MBO and Distributors	2,500+	2,500+	2,500+
NCS	283	306	506
SIS	-	83	128
E-Commerce	Amazon, Flipkart, Myntra, Jabong and Kapsons		

EBO – NET ADDITIONS			
	FY18	FY19	9M FY20
Existing	231	235	256
New Opened	10	27	30
Closed	6	6	8
<b>Total EBOs</b>	<b>235</b>	<b>256</b>	<b>278</b>

In addition to 278 EBO'S company has 2 overseas EBO in Nepal

## NEW STORE LAUNCHES

**FOFO:** NORTH (11), CENTRAL (8), EAST (3)

**COCO:** EAST (3), SOUTH (1), NORTH (4)

# ... & REGULAR TECHNOLOGY UPGRADATION

## Whole Garment Machine



3D KNIT



FASHION  
ORIENTED



## Cotton

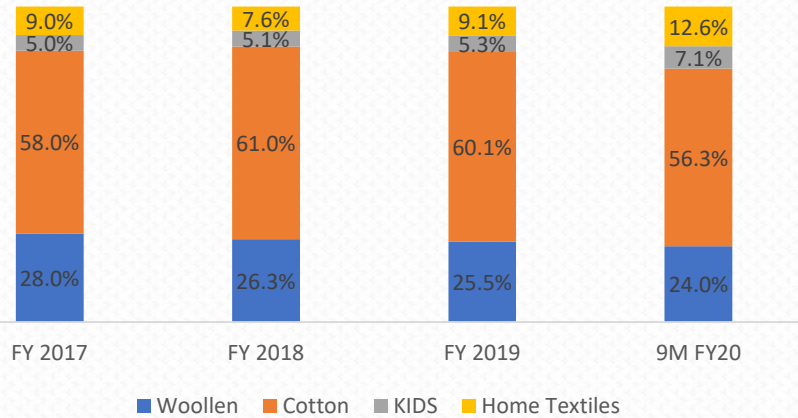


## Woollen

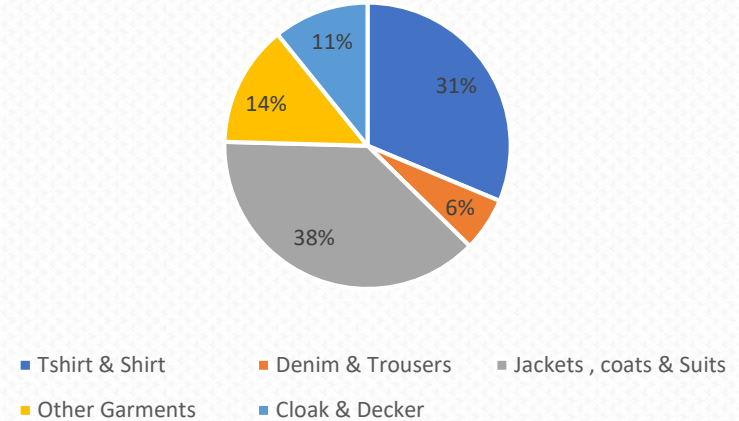


- 30 professionals closely tracking the trending global fashion
- To meet the standards of technology upgradation and modernisation, Company has installed the automatic whole-garment state-of-art manufacturing facility, at the existing Ludhiana's unit.
- This technology, in knit is one entire piece which provides a seam-free fit and comfort, unmatched by any other knitwear. This helps in elimination of multiple manufacturing processes, thereby, reducing the wastage and increasing the efficiency.

## SEGMENT COMPOSITION



## COTTON SEGMENT BIFURCATION- 9M FY20



- Woollen share gradually reducing due to diversification, focusing more on cotton products
- Shirts, T-shirts, Cloak & Decker (New economy range) together contributes more than ~40% to the total Cotton contribution
- Company has diversified itself into Fitness Regime through Brand “Rock. It”

## Sh. Jawaharlal Oswal (Chairman & MD)

- Sh. Jawahar Lal has More than 50 years of experience in the textile and woollen industry.
- Awarded the 'Udyog Ratna Award' by the PHD Chamber of Commerce and Industry, the 'LMA-Sat Paul Mittal Life Time Achievement Award' by the Ludhiana Management Association and the 'Achievers of the North' by the Economic Times

## Sh. Sandeep Jain (Executive Director)

- Sh. Sandeep Jain is has more than 21 years of experience in the field of administration
- He is Bachelor's degree in Pharmacy, Diploma in Export Management.
- Prior to joining Monte Carlo in 2008, he has worked with Oswal Woollen Mills Limited

## Sh. Rishabh Oswal (Executive Director)

- Rishabh Oswal is part of third generation of Oswal family .
- Rishabh Oswal completed his BA Hons in Management Studies from University of Nottingham, UK in 2013 and then went on to pursue an Executive MBA from the prestigious Indian School of Business, Hyderabad.

## Sh. Dinesh Gogna (Director)

- Sh. Dinesh Gogna has more than 35 years of experience in the field of Corporate Finance and Taxation.
- He has Bachelor's Degree in Law, completed the United States Money and Capital Market Seminar conducted by New York Institute of Finance.

# ... RESULTING IN STRONG FINANCIALS

## HEALTHY RETURN RATIOS

- ❖ Ability to sustain Robust growth without any major capex; Return Ratios set to improve

## STABLE WORKING CAPITAL CYCLE

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

## STRONG BALANCE SHEET POSITION

- ❖ Cash balance of Rs 1,449 Mn as of December 2019 (includes cash and bank balance along with current and non-current investments)

## LOWER DEBT

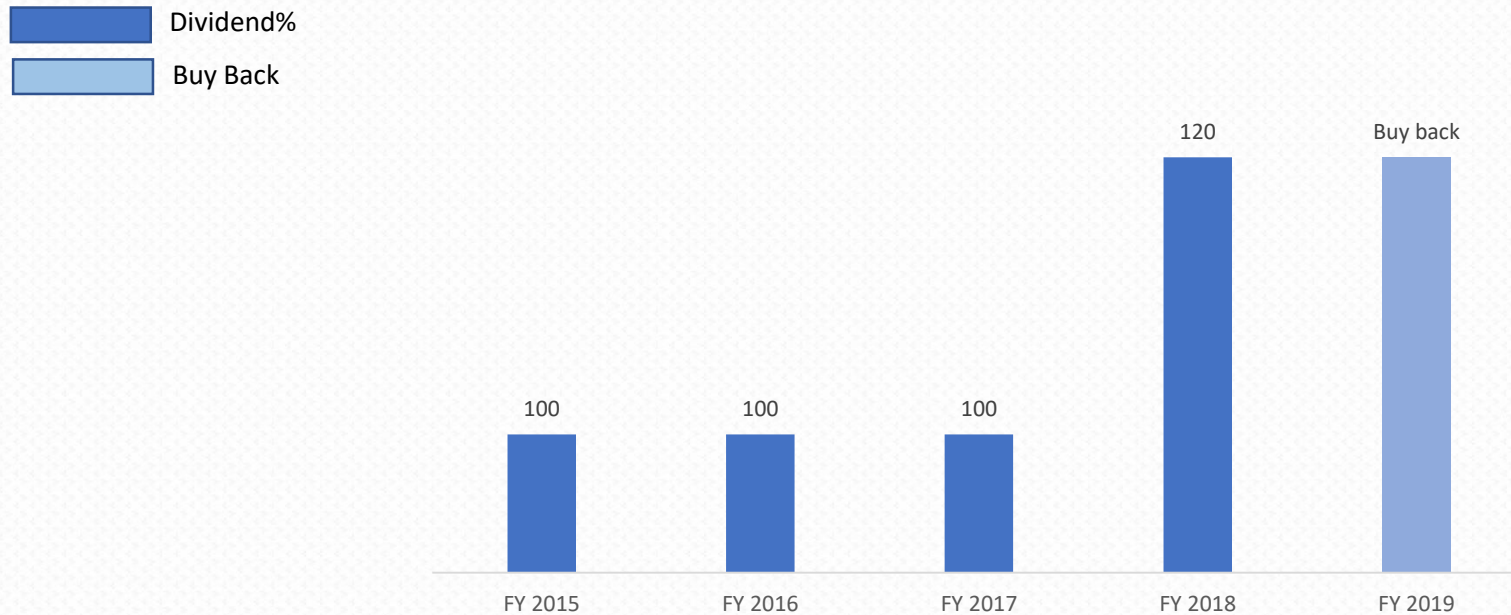
- ❖ Low overall debt; Long term borrowing at Rs.1,74.6 Mn as of December 2019



Strong Dividend  
Policy

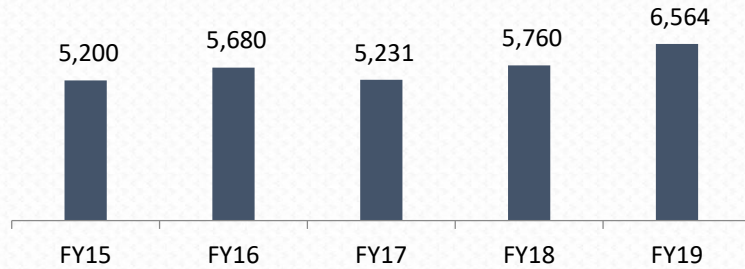
# Consistent Reward to Shareholders

Strong Track Record and Proven Expertise to Generate Healthy, Predictable and Sustainable Returns

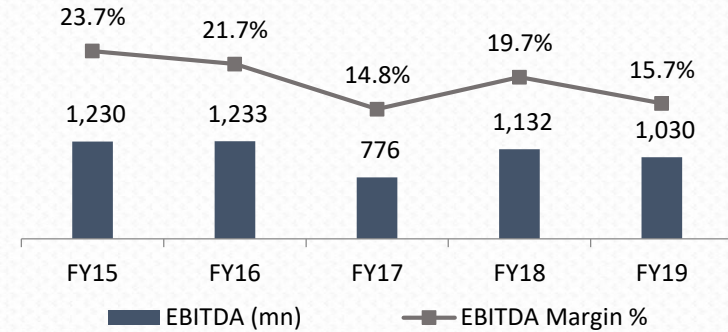


- Company has consistently paid dividend to shareholders.
- Company has also done buy back of Rs. 550 Mn in FY19 to reward shareholders. Promoters have not participated in the buy back

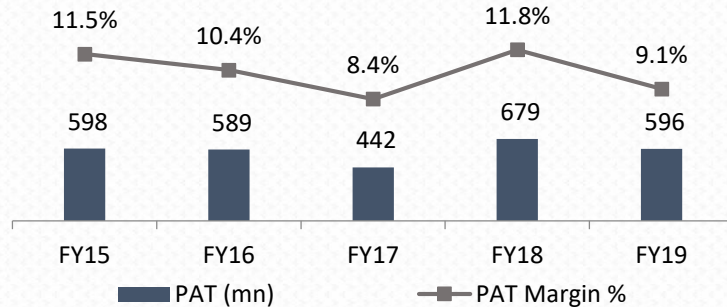
## CONSISTENT REVENUES



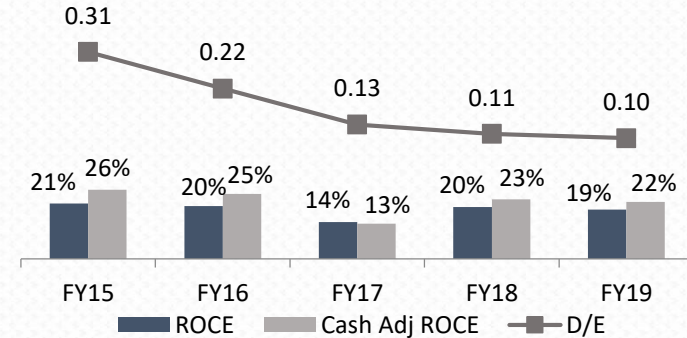
## EBITDA & EBITDA MARGIN



## 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 does not include other income

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

**PRODUCT  
MIX  
MOVING  
TOWARD  
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

**FOCUS ON  
RETAIL  
NETWORK  
EXPANSION**

- Started sales through SIS Model
- Focus on Online Sales through own portal
- Own Portal sales has gradually increased to Rs 27 Mn in Dec 19 from 13.1 Mn Dec 18

**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 expected to be ~Rs100-150mn
- Ability to sustain Robust growth without any major capex; Return Ratios set to improve



# 05

ANNEXURE



# BRANDING INITIATIVES

## Proven track record in building brands in India

Clothing partner for the blockbuster Bollywood films  
**Saaho, Barfi, Mary Kom, Bhaag Milka Bhaag, and Student of the Year**



## Clothing Partner for reality Shows like Big boss, Khatro ke Khiladi



## Other Strategic Tie-ups

### Airline Tie-ups

- Air Asia** - Overhead Bins
- Go Air** - Overhead Bins
- Air India** - Seat Back Devices + Inflight Magazine
- Vistara** - Inflight Magazine
- Indigo** - Inflight Magazine

### Theatres

- PVR
- Cinapolis
- Inox
- Carnival
- SRS
- **800** + screens across India



Andre Russell (Cricketer)

TIME TO **rock.it**

#RussellForRockIt

## BRAND AMBASSADOR

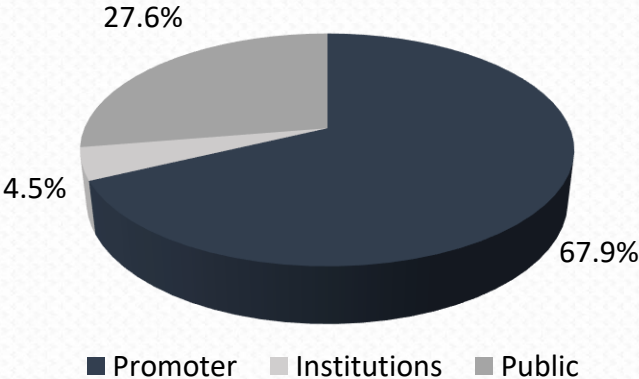
- Celebrate life by going fit- Andre Russell way!!
- Rock It – India's premium athleisure brand starts the season in pomp as it ropes in Mr. Russell as the brand ambassador.

### TIE-UPS WITH ONLINE PLATFORMS



# SHAREHOLDING STRUCTURE

**Shareholding Pattern – December 2019**



<b>Key Institutional Investors – December 19 2019</b>	<b>% Holding</b>
Kanchi Investments Ltd (Samara Capital)	9.40%
Goldman Sachs India	3.13%



## WE BELIEVE IN “FULFILLING ASPIRATIONS AND TRANSFORMING LIVES “

### Education



The organization has worked towards the betterment of various schools & institution at Dhandari Kalan Government Primary school , Govt School (Magra Lulu), Brailee Bhawan Ludhiana by providing them operational & Financial support

### Environment



Oswal Foundation renovated fountain chowk in Ludhiana also planted numerous trees to promote greenery and to enhance the flora and fauna

### Sports



Contributed in this field by organizing on open women Taekwood Championship at LETC, Katani Kalan, Ludhiana

### Health



In this sector Oswal Foundation has done its bit by organizing eye camp & by providing medical support to those in need ,through various means

# THANK YOU



**MONTE CARLO**   
It's the way you make me feel

**Mr. Dinesh Gogna**

Director

Email: [gogna@owmnahar.com](mailto:gogna@owmnahar.com)

**DICKENSON**

**Ms. Manasi Bodas**  
Consultant

**Mr. Vikash Verma**

Director

Email: [monte.carlo@dickensonworld.com](mailto:monte.carlo@dickensonworld.com)

## Disclaimer:

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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.*