



Its the way you make me feel

Q1 FY18

INVESTOR PRESENTATION

August 2017





It's the way you make me feel

Q1 FY18 RESULTS UPDATE

Monte Carlo – POISED FOR LONG TERM GROWTH

DIFFICULT BUSINESS ENVIRONMENT

- Business environment improved substantially, effect of demonetization is now over
 - Discounting in the march quarter has left low unsold inventory in the system
 - Good monsoon is expected to be followed up by good winter
- Normalised inventory levels should lead to improved sales in FY18

POSITIVE BUSINESS OUTLOOK

- Focus on new markets and new product offerings
- Strong traction in making further inroads in western and southern markets in India
- Plans to launch fitness & fashion wear range “ROCK IT”.

CONSISTENT FOCUS ON SHAREHOLDER RETURN

- Low Capex requirement for next two years, near term growth will be achieved from higher capacity utilization
- Committed to generate strong shareholder returns with increasing cash flows in future

IMPROVED WORKING CAPITAL CYCLE

- Reduction in inventory leading to efficient working capital cycle and higher operating cash flow in FY2017
- Net working capital is down by INR 221 mn in FY2017

HEALTHY CASH FLOW & STRONGER BALANCE SHEET

- Strong balance sheet with reduction of overall debt by INR 331mn; debt equity at 0.13x as on Mar'17
- Strong balance sheet is reflected through high net cash balance of INR 841 mn (Total debt of Rs 654 Mn & C&CE of Rs 1,495 Mn) as on Mar'17

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 MBOs and franchisee owned EBOs (FOFO) are pre-booked and on outright basis
- Inventory is owned only in case of Company owned EBOs (COCO)

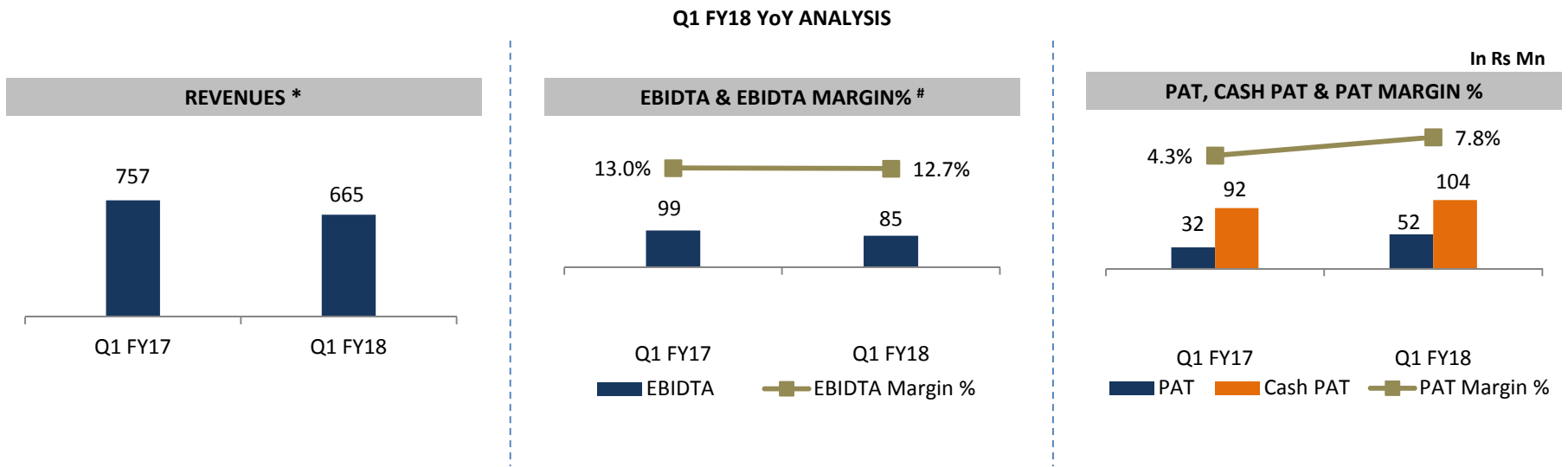
MINIMUM GOODS RETURNED

- Goods sold have minimum risk
- Product return is only allowed in case of NCS (<10% of sales) and franchisee owned EBOs (5-15% return allowed)
- No inventory risk in case of sales to MBOs

LOW CREDIT RISK

- Zero bad debts till date
- MBO sales are through exclusive commissioned agents and distributors
- Franchisee owned EBOs work on bank guarantee and PDC

Q1 FY18 – RESULT HIGHLIGHTS



Note – *Previous year figures have been recast as per Indian Accounting Standards to make them comparable with current year figures

EBIDTA W/O Other Income, Cash PAT = PAT + Depreciation

* Revenues includes sale of raw materials (Fabric & Yarn). Fabric & Yarn sales: Q1 FY17 – Rs 121.1 Mn, Q1 FY18 – Rs 117.2 Mn

Q1 FY18 – REVENUE ANALYSIS



REVENUE * BREAKUP – SEGMENT WISE

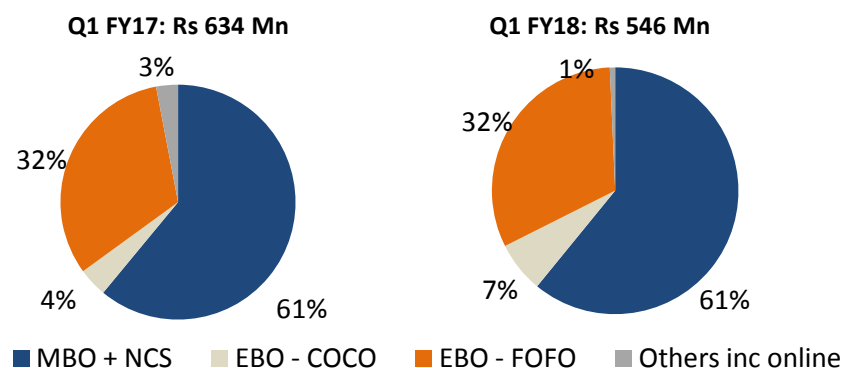
	FY16	FY17	Q1 FY17	Q1 FY18
Total Revenues (Rs. Mn)	5,789	5,343	634	546
Woollen Segment	34.2%	28.1%	-13.3%	-16.0%
Cotton Segment	51.3%	58.1%	87.6%	94.3%
Home Furnishings	9.7%	9.1%	19.0%	14.8%
Kids	4.9%	4.8%	6.7%	6.9%

FOCUS ON PRODUCT DIVERSIFICATION

- Consistent growth in Cotton products
- Woollen sales in Q1 is negative on account of goods returned after the season
- Steady growth in newer segments like home furnishing and kids

* Revenue from Core Products

REVENUE * BREAKUP – CHANNEL WISE

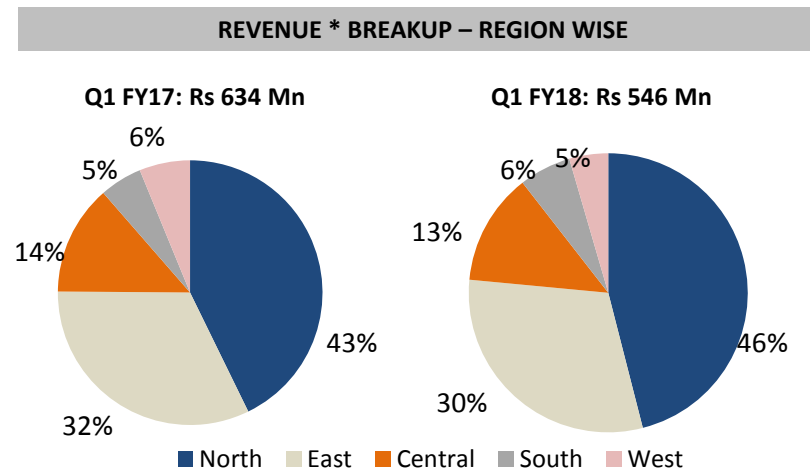


FOCUS ON CHANNEL DIVERSIFICATION

- Improved traction across NCS, including large format stores like Reliance retail, Shopper stop, Madura, Pantaloons, Metro

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

Q1 FY18 – REVENUE ANALYSIS



FOCUS ON REGIONAL DIVERSIFICATION

- Strategic focus to build a pan India presence

* Revenue from Core Products

Q1 FY18 – STORE NETWORK ANALYSIS

STORE NETWORK			
Type of Store	FY16	FY17	Q1 FY18
EBO – COCO	21	20	21
EBO – FOFO	202	211	209
MBO	2,000+	2,300+	2300+
NCS	164	198	204

EBO – NET ADDITIONS			
	FY16	FY17	Q1 FY18
Existing	214	223	231
New Opened	24	17	3
Closed	15	9	4
Total EBOs	223	231	230

- Strategic focus to build a pan India presence; Focus on increasing presence in Southern and Western markets
- Significant increase in MBO and NCS outlet in FY17, which continued in Q1 FY18

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

Q1 FY18 – CONSOLIDATED PROFIT & LOSS



Particulars (in million)	Q1 FY 18	Q1 FY 17	FY17	FY16
Net Sales	663.0	754.8	5828.6	6,199.9
Other Operating Income	1.9	2.4	12.4	15.4
Total Income from Operations	664.9	757.1	5841.1	6,215.3
Cost of Goods Sold	186.2	217.2	3281.2	3,118.0
Gross Profit	478.7	539.9	2559.9	3,097.3
Personnel Expenses	128.9	121.3	492.3	463.8
Advertisement Expenses	52.4	100.1	299.2	348.5
Other Expenses	213.0	220.0	992.2	1,051.9
EBITDA	84.4	98.5	776.1	1,233.2
EBITDA Margin	12.7%	13.0%	13.3%	19.8%
Other Income	54.0	39.6	221.0	139.1
EBITDA Margin (incl. Other Income)	20.8%	18.2%	16.4%	21.6%
Depreciation	51.8	59.4	247.4	292.7
Interest Expense	17.1	34.3	119.6	162.4
CSR Expenditure	0.8	-	3.0	16.2
PBT	68.7	44.4	627.2	901.0
Taxes	16.6	12.0	203.9	311.6
PAT	52.1	32.4	423.2	589.4
PAT Margin	7.8%	4.3%	7.2%	9.5%
Total Comprehensive income	51.4	32.3	-	-
EPS	2.40	1.49	19.47	27.12

Note – *Quarterly figures are as per Indian Accounting Standards (INDAS) whereas the annual figures are as per Indian GAAP.

* Revenues includes sale of raw materials (Fabric & Yarn). Fabric & Yarn sales: Q1 FY17 – Rs 121.1 Mn, Q1 FY18 – Rs. 117.2 Mn FY16 – Rs 425.9 Mn, FY17 – Rs 498 Mn

RECONCILIATION OF IGAAP AND IND-AS

Particulars (Rs. In Millions)	Quarter ended 30 June 2017	Quarter ended 30 June 2016
Net profit as per previous Indian GAAP	85.1	20.4
Adjustments on account of:	-	-
(i) Measurement of financial assets and liabilities at amortised cost	0.0	(0.1)
(ii) Measurement of financial assets at FVPL	21.4	9.4
(iii) Reclassification of actuarial gain/(loss) arising in respect of defined benefit plan to "other comprehensive income"	0.7	0.1
(iv) Impact of reversal for deferred lease rent straight lining	-	1.0
(iv) Other adjustments (including prior period expenses)	-	2.7
(v) Reversal of gain on investments, as per Indian GAAP	(61.0)	-
(vi) Gain on investments, as per IND AS	1.4	-
(vii) Deferred tax impact on above adjustments	4.4	(1.2)
Profit for the period	52.1	32.4
Other Comprehensive Income	(0.7)	(0.1)
Net profit for the period under Ind AS	51.4	32.3

Net profit in IND-AS was lower compared to IGAAP primarily on account of profit on sale of investment accounting i.e. MTM on quarterly basis under INDAS as against on accrual basis in IGAAP

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

- Plan to diversify our pan-India presence by penetrating into the southern and western regions of India.
- Focus on Online sales through own portal as well as Tie-ups with e-commerce portals such as Flipkart, Jabong, Snapdeal and India Shopping.

FOCUS ON RETURN RATIOS EXPANSION

- No major capex requirement for over next 2 years. Average sustaining capex is to be in the range of INR 100-150 mn on yearly basis in the next two years
- Ability to sustain Robust growth without any major capex. Therefore Return ratios set to improve.



It's the way you make me feel

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'
 - 'Platine' - premium range for menswear
 - 'Denim' - exclusive range for denim apparels
 - 'Alpha' - exclusive range for womenswear
 - 'Tweens' - exclusive range for kidswear
 - 'Cloak and Decker' - economy range for menswear

WIDE-SPREAD REACH & PRESENCE

- Wide-spread retail presence across India through a judicious mix of EBOs, MBOs and national chain stores located in 19 states & 1 union territory
- As on June 2017, the Company had 230 EBOs (21 EBO – COCO, 209 EBO – FOFO), 2300+ MBOs and 204 NCS
- E-commerce presence through own portal www.montecarlo.in as well as tie-ups with Digital platforms such as Flipkart, Snapdeal, Jabong etc.

KEY FINANCIALS

- Consolidated Revenues, EBITDA and PAT were Rs. 5,841 mn, Rs. 776 mn and Rs.426 mn in 2017
- Strong balance sheet is reflected through high net cash balance of INR 841 mn (Total debt of Rs 654 Mn & C&CE of Rs 1,495 Mn)

COMPANY OVERVIEW

DIVERSIFIED PRODUCT PORTFOLIO



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, jackets, thermals, woolen accessories (caps, mufflers, shawls, stoles)	Shirts, trousers, t-shirts, track-suits and jackets	Mink blankets, bed sheets and quilts	
Platine – Premium range for Men	Cashmere and 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		

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 exclusive commissioned agents to understand consumer tastes and feedback

MANUFACTURING CAPABILITIES:

- Three manufacturing facilities in Ludhiana, Punjab -
 - One for woollen apparels
 - Two 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
- Recently started in-house manufacturing of cotton t-shirts and thermals

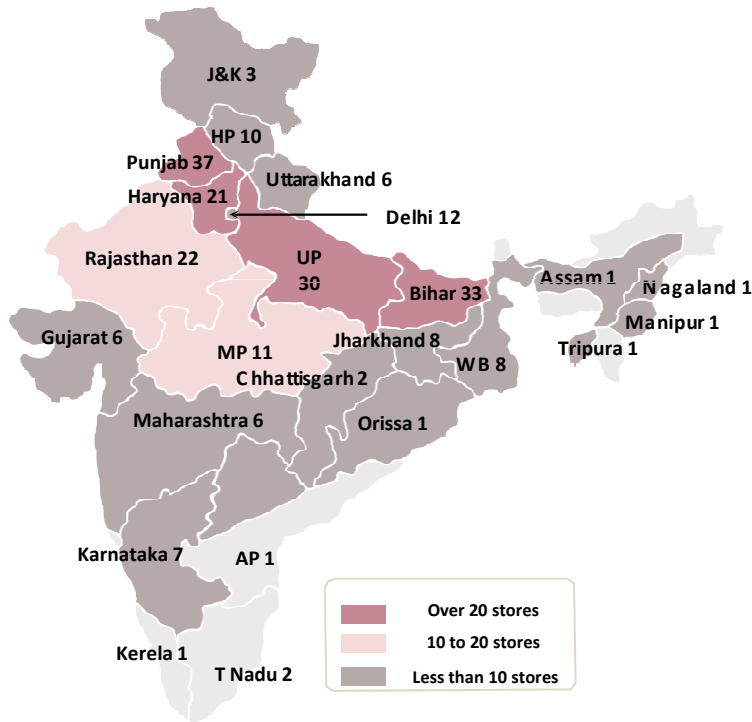


COMPANY OVERVIEW

OUR RETAIL PRESENCE



PAN INDIA PRESENCE ACROSS 19 STATES & 1 UNION TERRITORY



STORE NETWORK			
Type of Store	FY16	FY17	Q1 FY18
EBO – COCO	21	20	21
EBO – FOFO	202	211	209
MBO	2,000+	2,300+	2300+
NCS	164	198	204

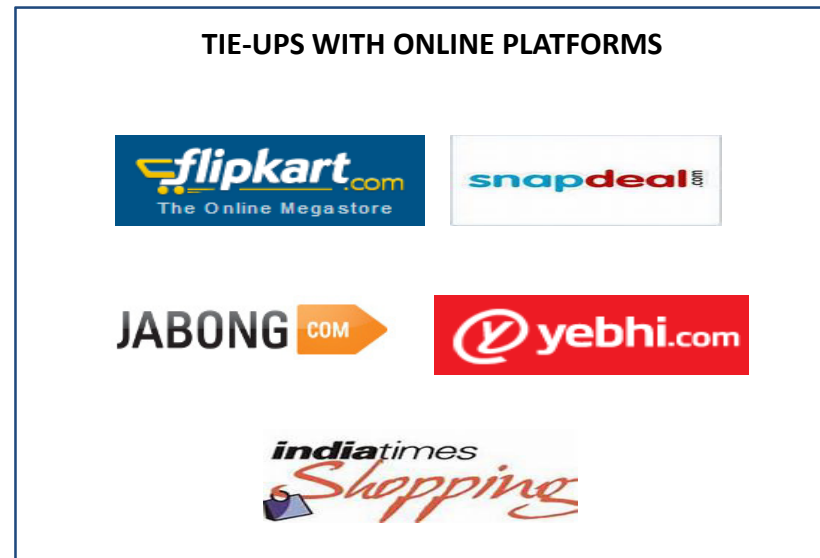
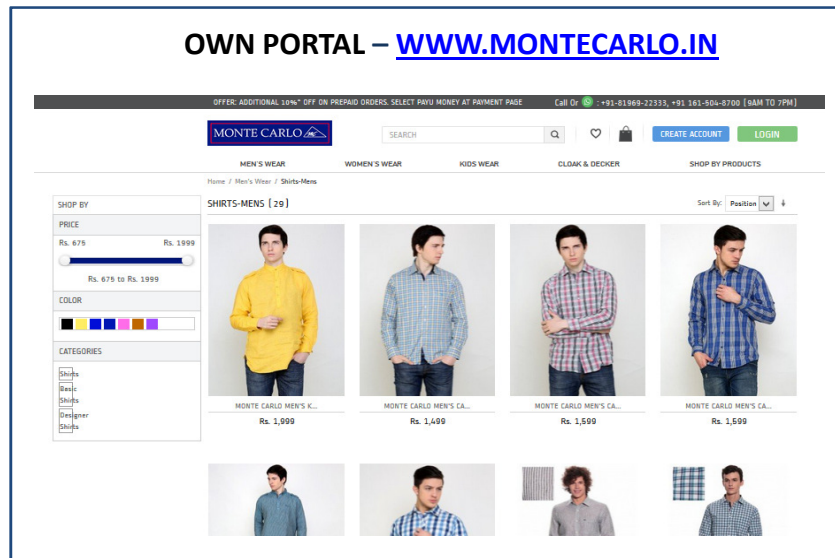
MBO – Multi Brand Outlet, EBO – Exclusive Brand Outlet
 COCO – Company own Company operated, FOFO – Franchise own Franchise operated, NCS – National Chain Stores

COMPANY OVERVIEW

OUR E-COMMERCE PRESENCE

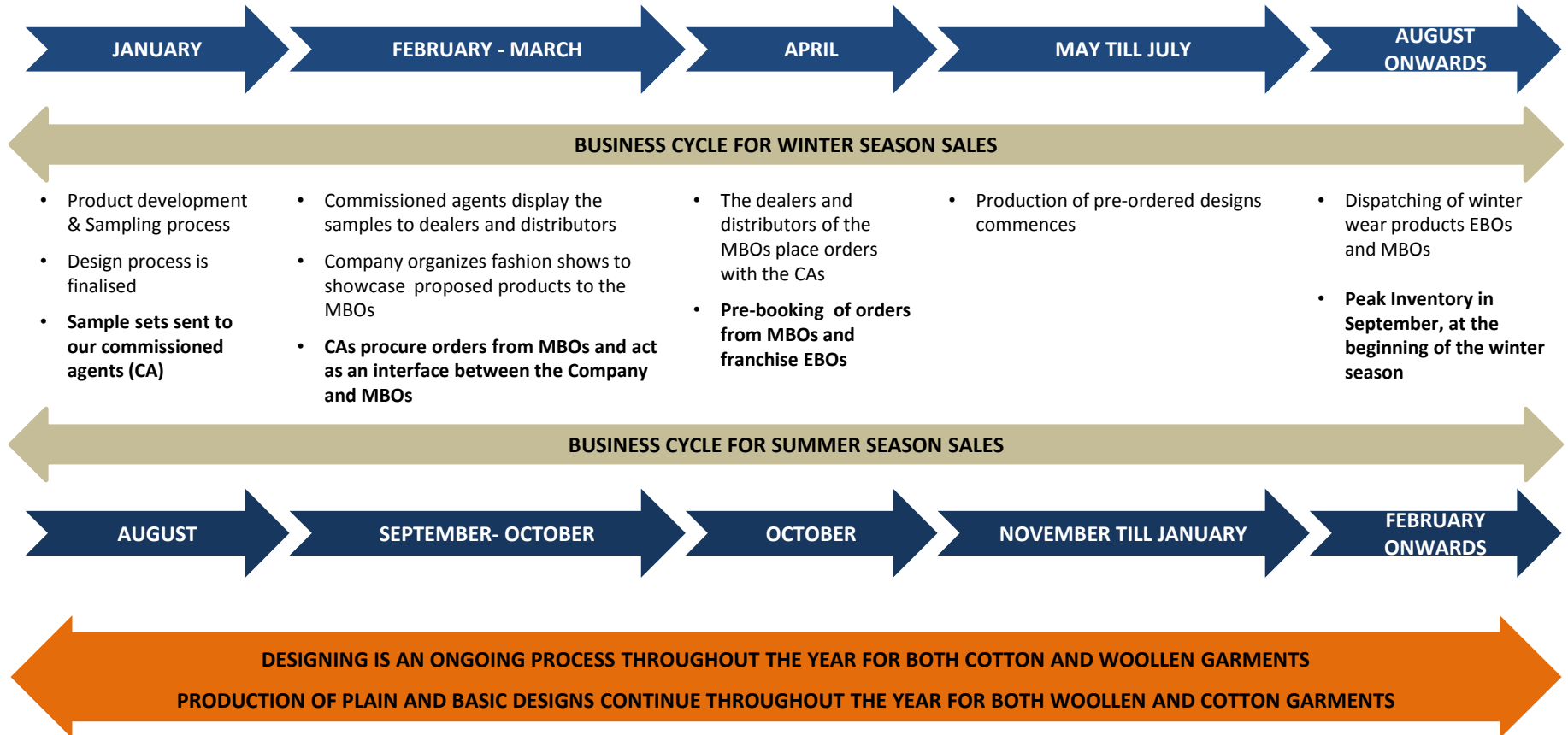


- Building our presence on e-commerce platform through our own portal www.montecarlo.in
- Have Entered into distribution agreements with some of the leading Indian digital commerce platforms for online sale of our products



COMPANY OVERVIEW

UNDERSTANDING OUR BUSINESS MODEL



COMPANY OVERVIEW

ROBUST DISTRIBUTION MODEL



	MBO	NCS	EBO-COCO	EBO –FOFO
Total Number of Outlets	2,300+	204	21	209
% of Revenue Contribution – FY17	57% (NCS Contribute less than 10%)		39%	
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
Inventory Risk	No	Yes	Yes	Minimal 5% - 15 % 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**

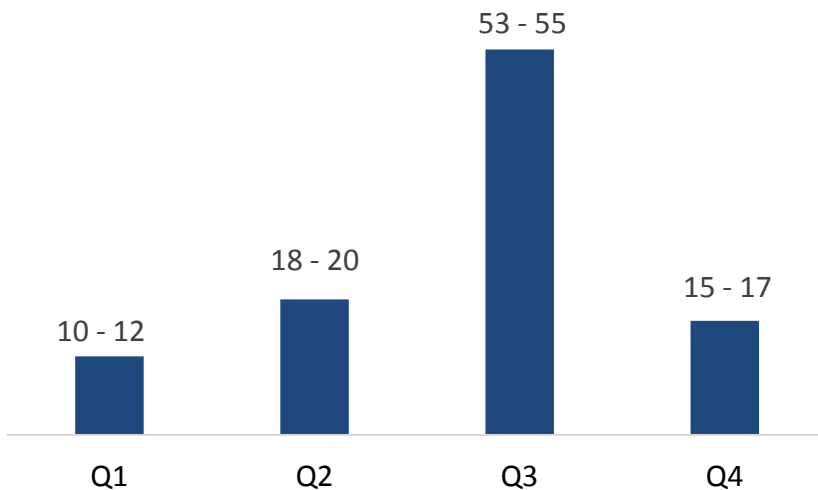
MBO – Multi Brand Outlet, EBO – Exclusive Brand Outlet
COCO – Company own Company operated, FOFO – Franchise own Franchise operated, NCS – National Chain Stores

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.
- Winter products are higher in value in terms of both revenues and cost
- 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

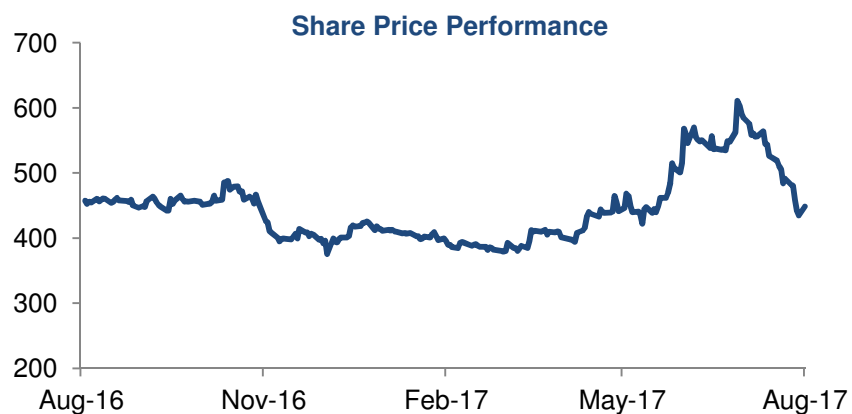
COMPANY OVERVIEW

SHAREHOLDING STRUCTURE



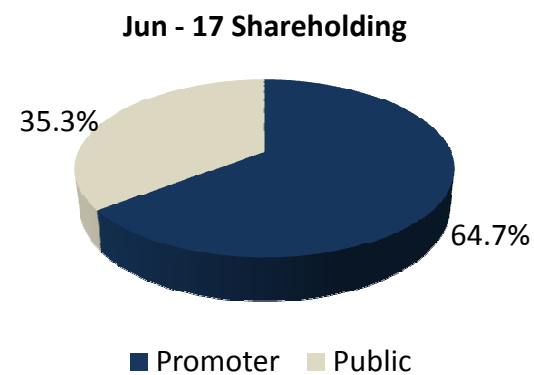
Market Data	As on 14.08.2017 (BSE)
Market Capitalization (Rs Mn)	9,760
No. of shares outstanding (Mn)	21.7
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	641 - 361

Source – BSE



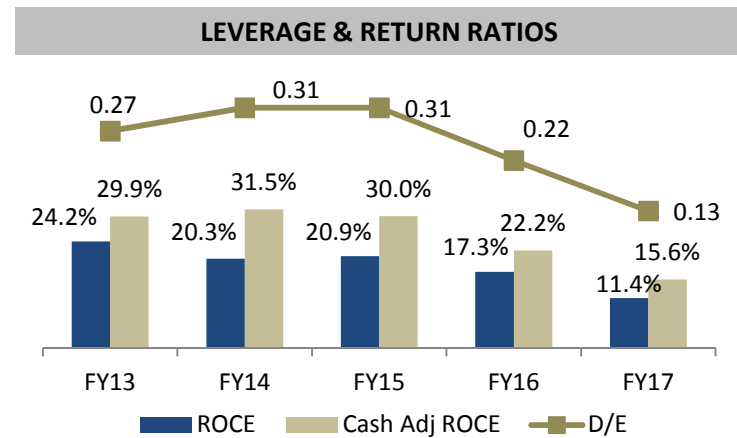
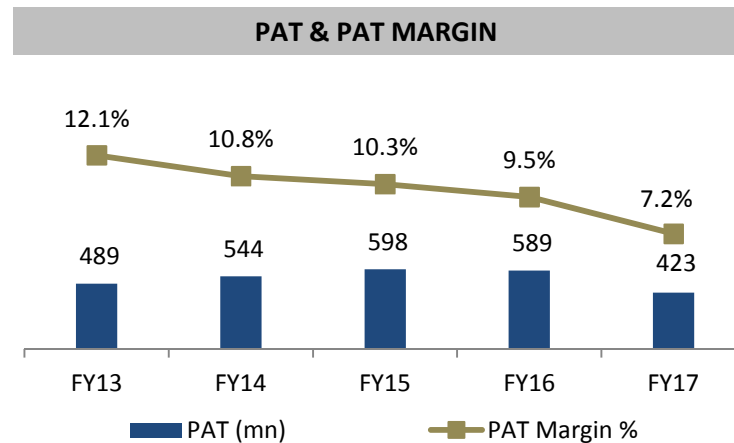
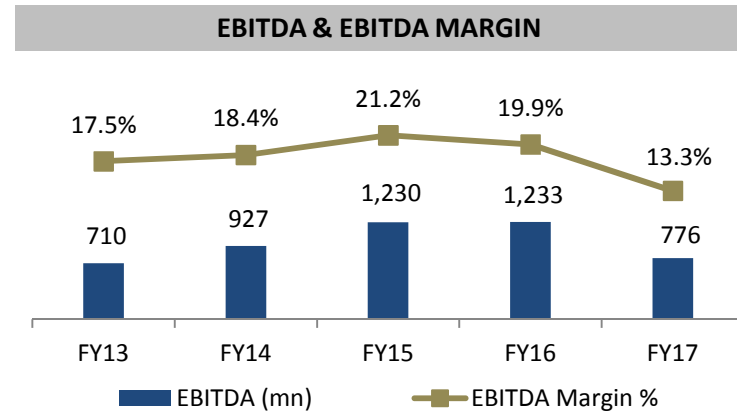
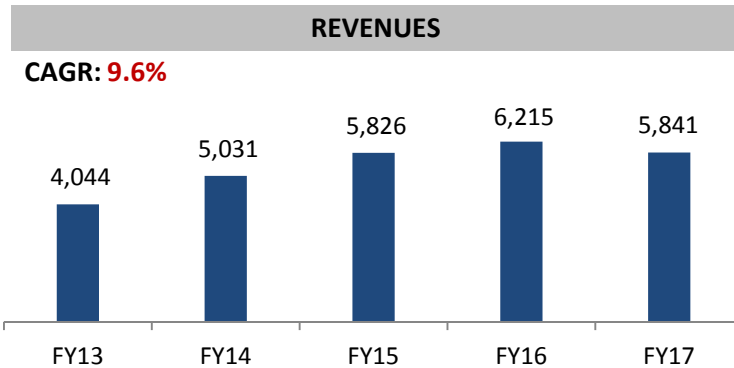
Key Institutional Investors	% Holding
Kanchi Investments Ltd (Samara Capital)	10.94
Goldman Sachs India	3.64
Birla Sun Life Trustee Co.	2.76
ICICI Prudential Life Insurance	1.82
Aditya Birla Pvt Equity Trust	1.57

Source – Company / BSE as on 30th June 2017



COMPANY OVERVIEW

FINANCIAL HIGHLIGHTS



Note –Equity, ROCE: EBIT/Avg. Capital Employed [(Capital Employed = Equity + Total Debt), (Cash Adj. Capital Employed = Equity + Total Debt – C&CE)]



Its the way you make me feel

Dinesh Gogna

Director

Email : gogna@owmnaahar.com



Ravindra Bhandari

IR Consultant

Email : Ravindra.bhandari@dickensonir.com

Contact No : +91 92836 14197

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.