

## 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 8, 2020

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

SUB: Q1FY21 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 ended June 30, 2020.

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**  
Q1 FY21 INVESTOR PRESENTATION



It's the way  
you make me feel



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

## DISCUSSION SUMMARY

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# 01

## COMPANY OVERVIEW



# MONTE CARLO: INDIA'S FIRST ORGANISED LIFESTYLE APPAREL BRAND

## 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

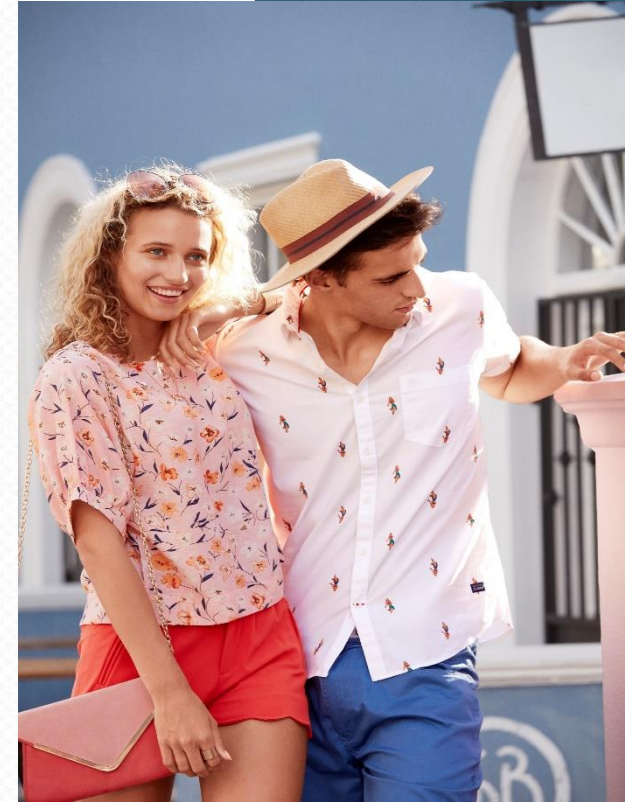
- Presence across India through a judicious mix of EBOs, MBOs and Shop in shop ,distributors and national chain stores and online
- Located in 20 states & 3 union territory

## 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, & Healthcare.



# DIVERSIFIED PRODUCT PORTFOLIO

| Range                                       | Woollen  | Cotton   | Home Furnishing                      | Kids  | Healthcare   |
|---|--|--|--------------------------------------|---|--|
| <b>Monte Carlo</b><br>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><br>Mid Premium / Premium   | Cash wool sweaters , blazers ,coats  | Cotton Shirts, trousers and t-shirts                 | -                                    | -   | -  |
| <b>Denim-</b><br>Mid Premium / Premium      | -  | Denim Trouser (jeans) and Shirts                     | -                                    | -   | -  |
| <b>Alpha –</b><br>Women wear                | Sweaters , cardigans   | Shirts, Tshirts, Trousers , jackets and sweat-shirts | -                                    | Sweat Shirts                                      | -  |
| <b>Tweens –</b><br>Kids wear (7-13 years)   | -  | -  | -                                    | Sweaters, Cardigans, Shirt , T-Shirts and Bottoms | -  |
| <b>Cloak &amp; Decker–</b><br>Men’s wear    | Sweaters , cardigans   | Cotton and cotton blended Tshirts                    | -                                    | -   | -  |
| <b>Rock It –</b><br>Sports wear             | -  | Tank , Polo T-Shirt, Shorts, Track Pants             | -                                    | -   | -  |
| <b>MC Healthcare</b>                        | -  | -  | -                                    | -   | Face Masks (3 PLY, KN95 and N95) and Personal Protective Equipment (PPE) Kit |



# 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

## Q1 FY21 HIGHLIGHTS



## **Current Operational Status**

In-line with Government directives, we resumed our operations on 21<sup>st</sup> April, 2020 complying with Government's safety and security norms for COVID-19. At present, we are operating at around 80% capacity and gradually ramping up the capacity. We have presence in 20 States & 3 Union Territory and continue to work with our business partners across all channels, i.e. Company-Owned Company Operated (COCO), Franchise Owned Franchise Operated (FOFO), National Chain Stores (NCS), Large Format Stores (LFS) and Multi-Brand Outlets (MBO).

## **Financial Performance and Liquidity Position**

The COVID-19 pandemic followed by the nation-wide lockdown impacted the dispatches leading to a revenue loss of Rs 650 Mn in Q1FY21. Considering that the situation is unprecedented and is changing dynamically, we are planning production based on the estimate of demand. We have launched new products in healthcare segment i.e. Face Masks (3 PLY, KN95 and N95) and Personal Protective Equipment (PPE) Kit. We are confident in the underlying strength of our business model, and our medium- term liquidity needs are well covered. With adequate banking limits in place, company's ability to service its debts and financing obligations on time remains unaffected.

## **Future Outlook**

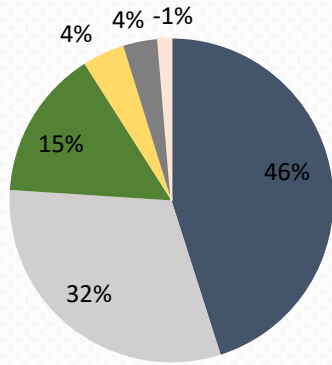
The Company has implemented stringent cost control measures and is hopeful to sustain growth without any significant capex. We continue to evaluate the impact of the pandemic and are fully geared to withstand the challenges as the situation unfolds on the back of our financial and operational strengths. Our strong presence in winter wear market along with well-diversified product portfolio across ranges will help us to minimise the impact of COVID-19 for the full financial year 2021.

# Q1 FY21: REVENUE DETAILS

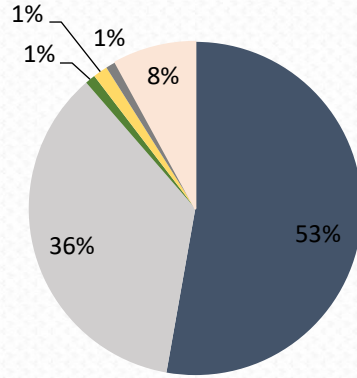
## REVENUE BREAKUP- REGION WISE (Including Online Sales)

## REVENUE BREAKUP – CHANNEL WISE

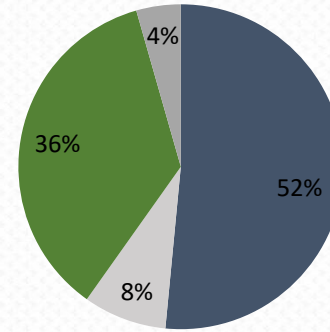
Q1 FY20: Rs 569.20 Mn



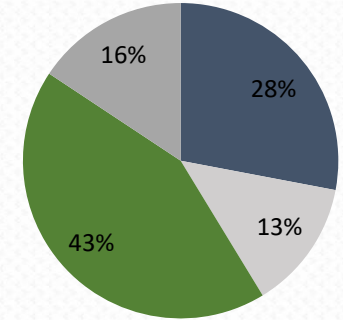
Q1 FY21: Rs 83.95 Mn



Q1 FY20: Rs 569.20 Mn



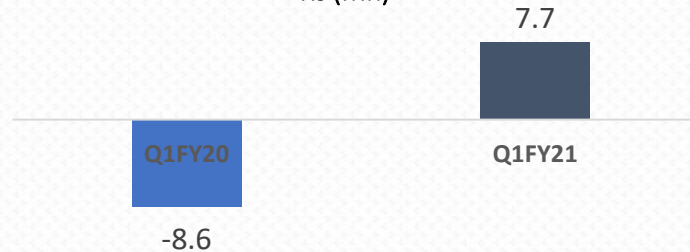
Q1 FY21: Rs 83.95 Mn



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

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

Online Sales  
Rs (Mn)



## REVENUE BREAKUP - SEGMENT WISE

| In Rs Mn        | Q1 FY20 | Q1 FY21 | FY19  | FY20  |
|-----------------|---------|---------|-------|-------|
| Total Revenues* | 569.2   | 83.9    | 6,715 | 7,235 |
| Woolen Segment  | -11.9%  | -36.8%  | 25.5% | 22.3% |
| Cotton Segment  | 83.7%   | 85.3%   | 60.1% | 59.1% |
| Home Textiles   | 22.3%   | 53.8%   | 9.1%  | 11.7% |
| Kids            | 5.9%    | -3.3%   | 5.3%  | 6.9%  |
| MC Healthcare   | -       | 1%      | -     | -     |

### FOCUS ON PRODUCT DIVERSIFICATION

Positioning as all fashion brand to reduce seasonality impact, woollen segment contribution has moved marginally lower in FY20 to 22.3%

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

\* FY19 Sales of scrap and accessories was Rs.29.6 Mn, Other Operating revenue was 13.5Mn & INDAS adj. was Rs.-194.4 Mn

\* FY20 Sales of scrap and accessories was Rs.80.3Mn, Other Operating revenue was 11.5 Mn & INDAS adj. was Rs. -70.7Mn

\* Q1 FY21 Sales of scrap and accessories was Rs.1.29Mn, Other Operating revenue was 0.6Mn & INDAS adj. was Rs. 26Mn

\* Q1 FY20 Sales of scrap and accessories was Rs.13.7Mn , Other Operating revenue was 1.5Mn & INDAS adj. was Rs.14.75Mn

# Q1 FY21: PROFIT AND LOSS STATEMENT

| Particulars (In Rs Mn)         | Q1 FY21      | Q1 FY20      | FY20         | FY19         |
|--------------------------------|--------------|--------------|--------------|--------------|
| <b>Revenue From Operations</b> | <b>112</b>   | <b>599</b>   | <b>7,256</b> | <b>6,564</b> |
| Material Cost                  | 7            | 195          | 3,831        | 3,444        |
| <b>Gross Margin</b>            | <b>105</b>   | <b>404</b>   | <b>3,425</b> | <b>3,120</b> |
| <b>Gross Margin %</b>          | <b>93.7%</b> | <b>67.5%</b> | <b>47.2%</b> | <b>47.5%</b> |
| Personnel Expenses             | 85           | 153          | 696          | 595          |
| <b>Advertisement Expenses</b>  | <b>4</b>     | <b>54</b>    | <b>301</b>   | <b>360</b>   |
| Other Expenses                 | 159          | 221          | 1,167        | 1,135        |
| CSR Expenditure                | 0.1          | 0            | 16           | 47           |
| <b>Operating EBITDA</b>        | <b>-143</b>  | <b>-24</b>   | <b>1,244</b> | <b>983</b>   |
| <b>EBITDA Margin %</b>         | <b>-</b>     | <b>-</b>     | <b>17.1%</b> | <b>15.0%</b> |
| Other Income                   | 56           | 26           | 115          | 182          |
| Depreciation                   | 79           | 72           | 334          | 191          |
| Finance cost                   | 30           | 35           | 170          | 89           |
| <b>PBT</b>                     | <b>-196</b>  | <b>-105</b>  | <b>855</b>   | <b>885</b>   |
| Tax Expense                    | -61          | -43          | 228          | 289          |
| <b>PAT</b>                     | <b>-135</b>  | <b>-62</b>   | <b>627</b>   | <b>596</b>   |
| <b>PAT Margin %</b>            | <b>-</b>     | <b>-</b>     | <b>8.6%</b>  | <b>9.1%</b>  |
| EPS (Rs.)                      | -            | -            | <b>30</b>    | <b>27</b>    |

03

MONTE CARLO  
ADVANTAGE



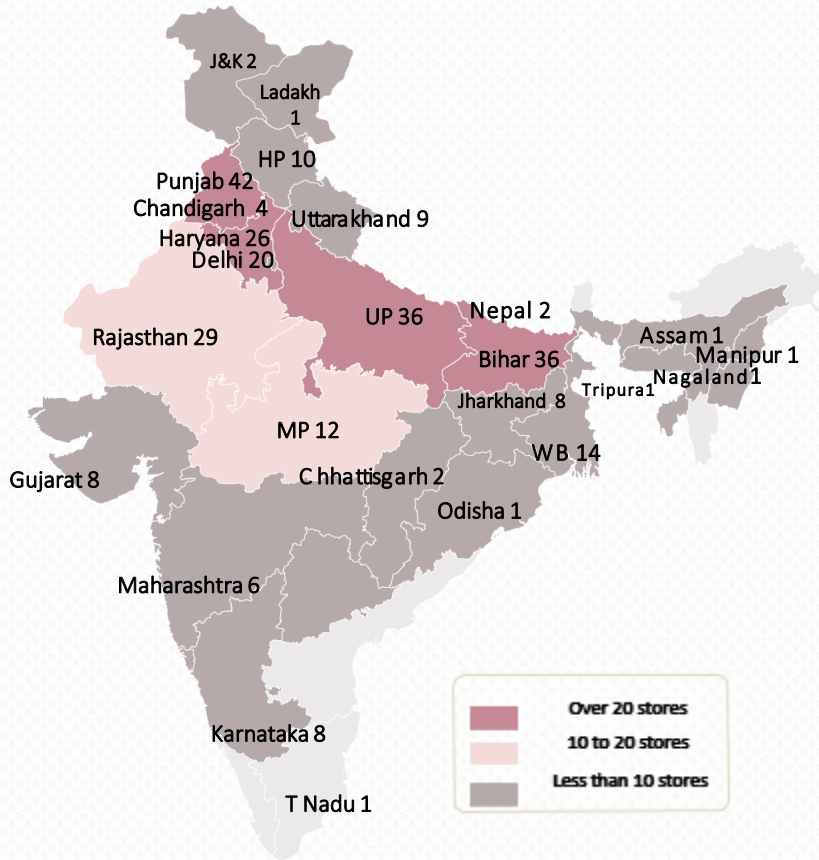
# STRONG BRAND EQUITY ...

- ❖ “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        | FY19   | FY20  | Q1 FY21 | Q1 FY20 |
| EBO – COCO           | 27   | 37    | 37      | 30      |
| EBO – FOFO           | 229  | 241   | 242     | 232     |
| MBO and Distributors | 2500+  | 2500+ | 2500+   | 2500+   |
| NCS                  | 306  | 566   | 144     | 103     |
| SIS                  | 85   | 126   | 124     | 101     |
| E-Commerce           | Amazon, Flipkart, Myntra, Jabong and Kapsons |       |         |         |

| EBO – NET ADDITIONS |      |      |            |
|---------------------|------|------|------------|
|                     | FY19 | FY20 | Q1 FY21    |
| Existing            | 235  | 256  | 278        |
| New Opened          | 27   | 31   | 1          |
| Closed              | 6    | 9    | 0          |
| <b>Total EBOs</b>   | 256  | 278  | <b>279</b> |

*In addition to 279 EBO'S, company has 2 EBO in Nepal*

## NEW STORE LAUNCHES

**FOFO: CENTRAL (1)**



# ... & REGULAR TECHNOLOGY UPGRADATION

## Whole Garment Machine



3D KNIT

FASHION  
ORIENTED



## Cotton

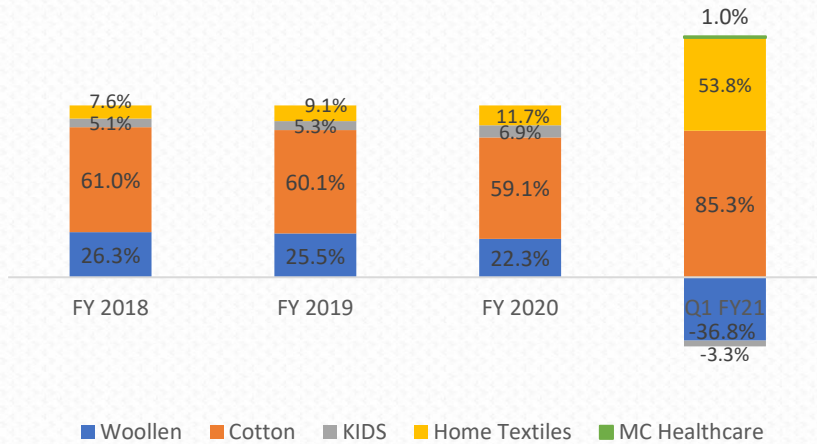


## Woollen

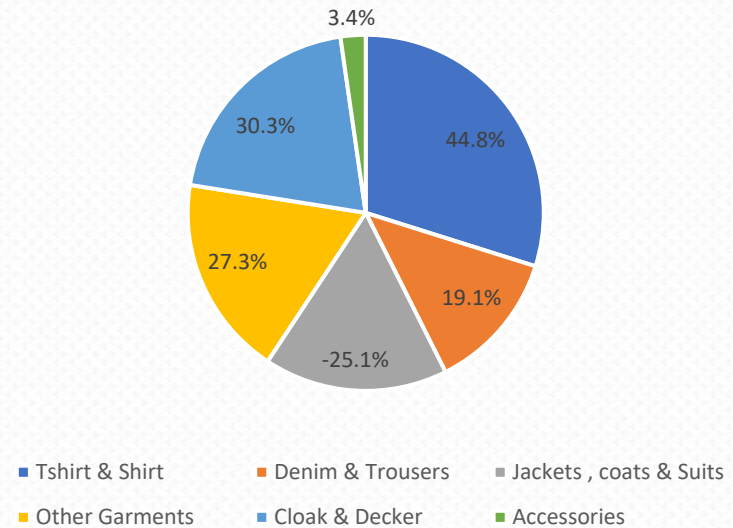


- 30 professionals closely tracking the trending global fashion
- To meet the standards of technology upgradation and modernisation, Company has installed the automatic whole-garment state-of-art manufacturing facility, at the existing Ludhiana's unit.
- This technology, in knit is one entire piece which 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- Q1 FY21



- Woollen share gradually reducing due to diversification, focusing more on cotton products
- During the quarter Shirts, Tshirts, Cloak & Decker(New economy range) together contributes 70% to the total Cotton contribution
- Company has diversified itself into Fitness Regime through Brand “Rock.It”
- Launched new products in healthcare segment i.e. Face Masks (3 PLY Mask, KN95 Mask and N95 Mask) and Personal Protective Equipment (PPE) Kit

## 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 11% growth in revenues for FY20

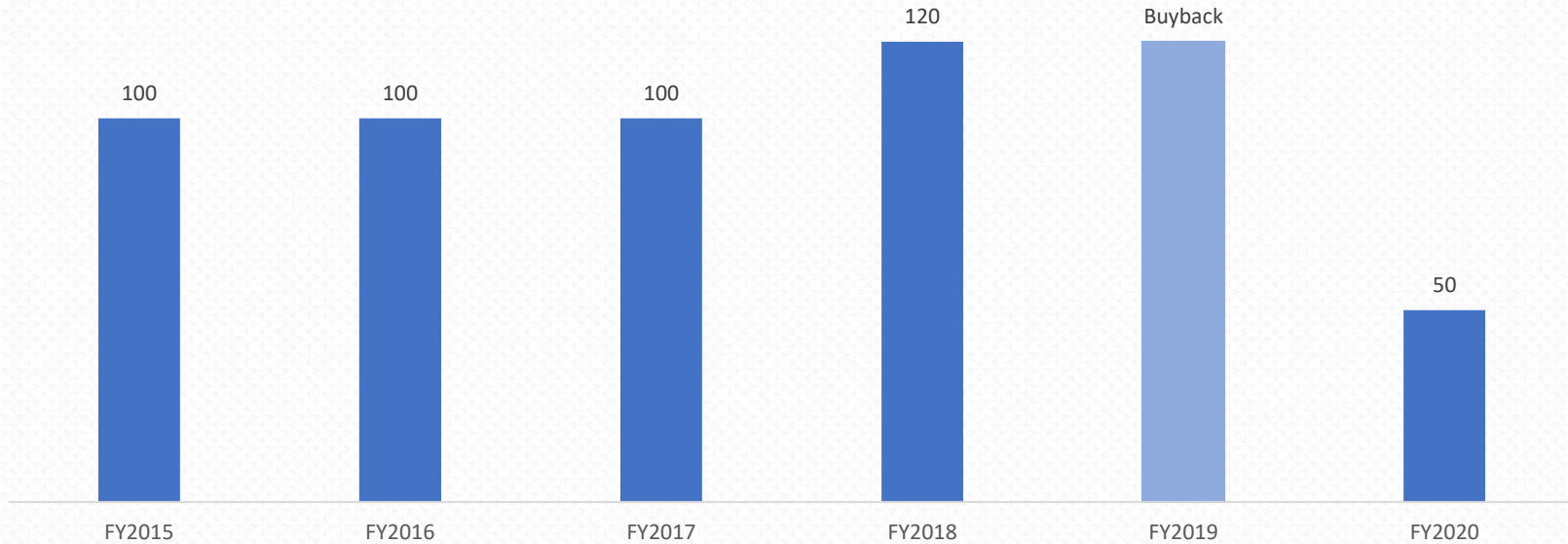
## STRONG BALANCE SHEET POSITION

- ❖ Cash balance of Rs 1,284.8 Mn (includes cash and bank balance along with current and non-current investments)

## LOWER DEBT

- ❖ Low overall debt; Long term borrowing at Rs.153.11 Mn as of June 2020

# CONSISTENT REWARD TO SHAREHOLDERS

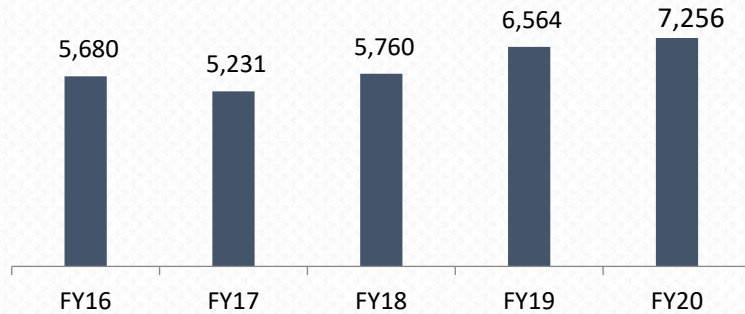


*Company has done buy back of Rs. 550 Mn in FY19 to reward shareholders. Promoters have not participated in the buy back*

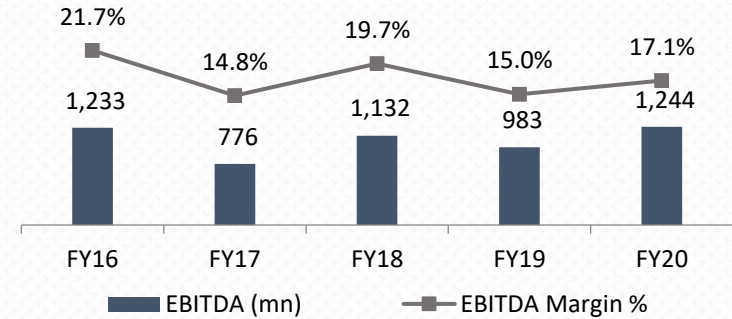
**Strong Track Record and Proven Expertise to Generate Healthy, Predictable and Sustainable Returns**

# FINANCIAL PERFORMANCE

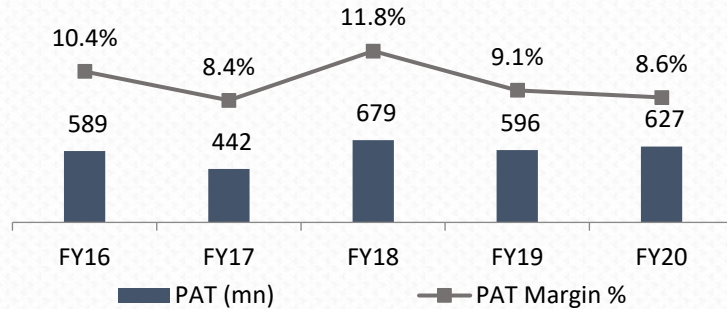
## CONSISTENT REVENUES



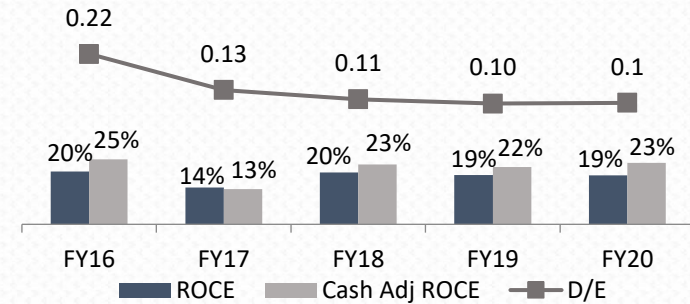
## EBITDA & EBITDA MARGIN



## 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

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 59.11% of total FY20 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**

- Sales through SIS Model
- Focus on Online Sales through own portal
- Own Portal sales has gradually increased to Rs 2.8 Mn in Q1 FY21 from 2.7 Mn in Q1 FY20

**FOCUS ON  
RETURN  
RATIOS  
EXPANSION**

- Capex of Rs ~Rs100-150mn for FY20-21 majorly for de-bottlenecking and modernization of existing facilities
- Ability to sustain Robust growth without any major capex; Return Ratios set to improve

04  
ANNEXURE





# BRANDING INITIATIVES

## Proven track record in building brands in India

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



## TIE-UPS WITH ONLINE PLATFORMS



## Clothing Partner for reality Shows like Big boss, Khatron 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
- Cinepolis
- Inox
- Carnival
- SRS
- **800 +** screens across India



## 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.*