

MONTE CARLO 

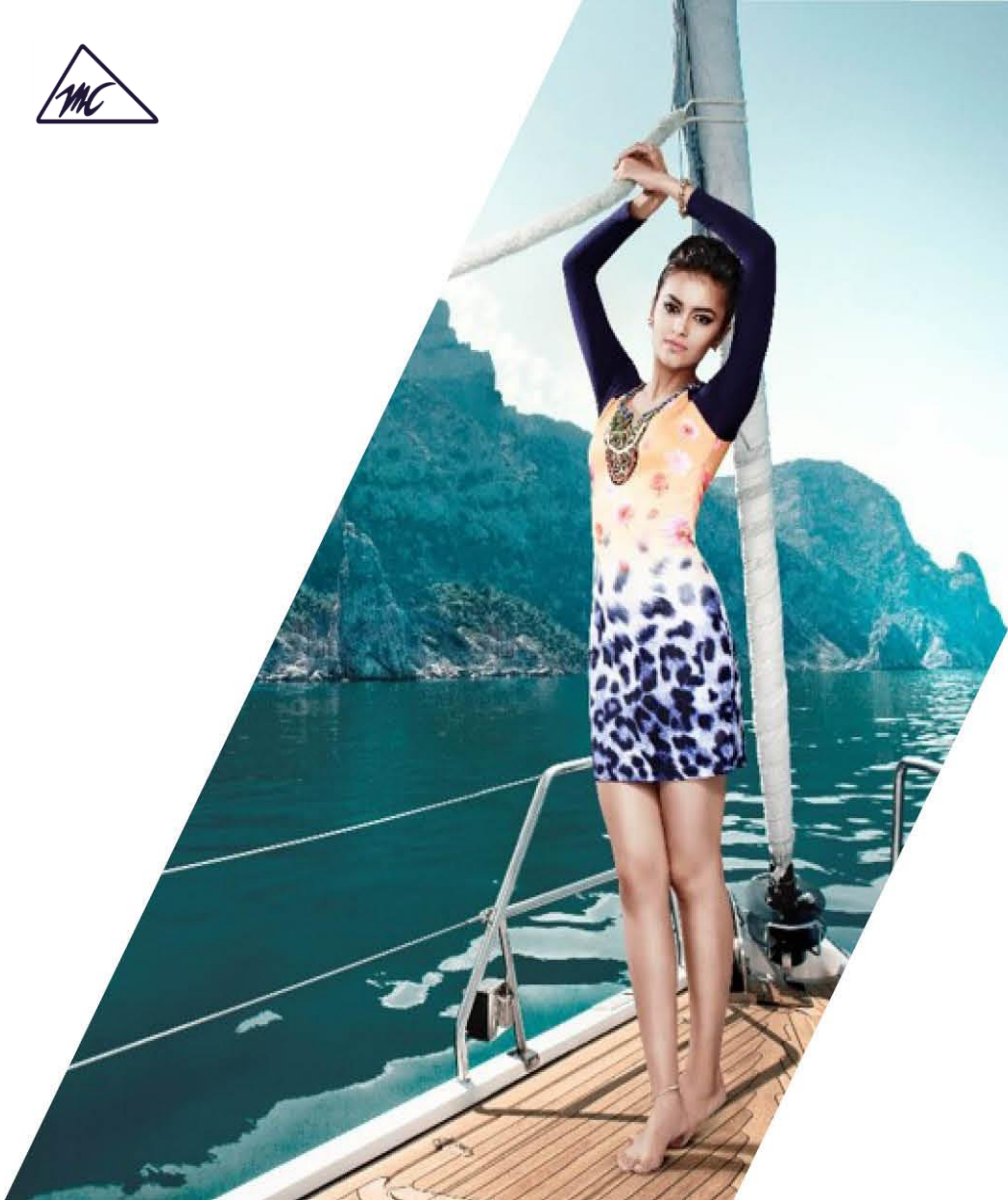
It's the way you make me feel

Q4 & FY19

INVESTOR PRESENTATION

May 2019





MONTE CARLO 

It's the way you make me feel

Q4 & FY19 Results Update

PRODUCT MIX MOVING TOWARDS 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

POSITIVE BUSINESS OUTLOOK

- Focus on new markets and new product offerings
- Strong traction in making further inroads in western and southern markets in India

STABLE WORKING CAPITAL CYCLE

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

ROBUST BALANCE SHEET POSITION

- Healthy balance sheet with low overall debt; Long term borrowing at Rs 128.7 mn as of March 2019
- Comfortable high cash balance of Rs 1,724.4 mn (includes cash and bank balance along with current and non-current investments)

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 MBO's 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 (5-10% return allowed)
- No inventory risk in case of sales to MBOs

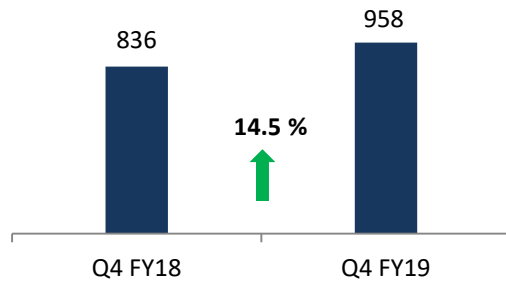
LOW CREDIT RISK

○ Almost Zero bad debts till date

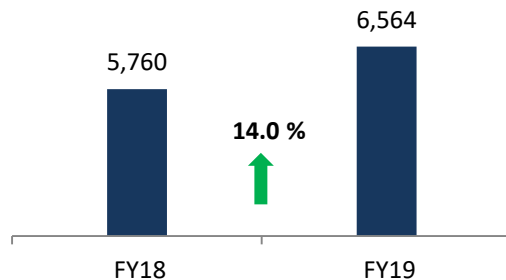
- MBO sales are through exclusive commissioned agents and distributors
- Franchisee owned EBOs work on bank guarantee and PDC

Note: We have started our sale through Shop In Shop (SIS) business model with 0% stock return

REVENUES

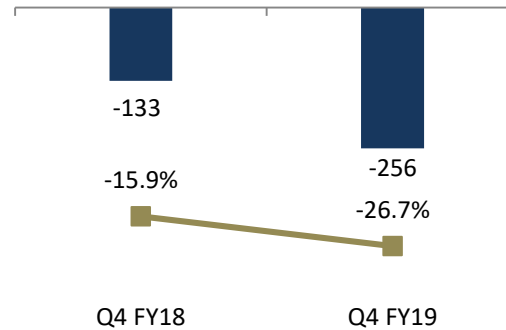


REVENUES



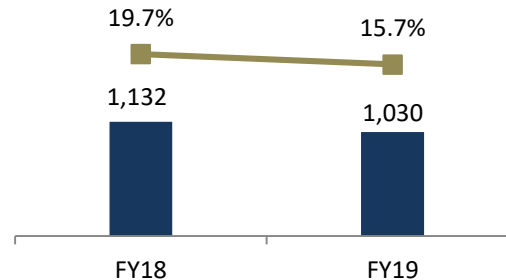
Q4 FY19 YoY ANALYSIS

OPERATING EBIDTA & EBIDTA MARGIN%



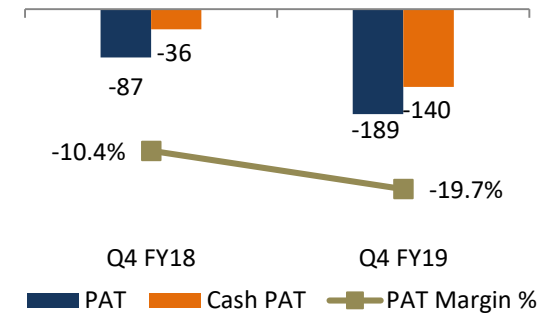
FY19 YoY ANALYSIS

OPERATING EBIDTA & EBIDTA MARGIN%

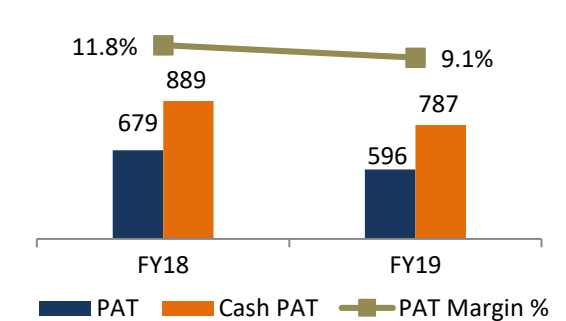


In Rs Mn

PAT, CASH PAT & PAT MARGIN %



PAT, CASH PAT & PAT MARGIN %



- **Q4 FY19 Revenues increased by 14.5% YoY to Rs 957.8 Mn backed by robust growth across all segments**
- **Q4 FY19 Gross Margin declined by 6.8% YoY to Rs 301.5 Mn**
 - There were additional discounts to the tune of Rs 191.5 Mn due to increase in proportion of discount sales during the quarter
- **Q4 FY19 Operating EBITDA loss increased from Rs -133.2 Mn to Rs -255.8 Mn**
 - Advertising & marketing spend increased by Rs 44.6 Mn
- Company incurred an additional expenditure of Rs 46.5 Mn on account of CSR activities
- **Q4 FY19 Net Loss increased from Rs -86.8 Mn to Rs -188.5 Mn**

REVENUES BREAKUP – SEGMENT WISE

In Rs Mn	Q4 FY18	Q4 FY19	FY18	FY19
Total Revenues*	775	956	5,711	6,715
Woollen Segment	7.9%	11.0%	26.3%	25.5%
Cotton Segment	84.6%	81.5%	61.0%	60.1%
Home Furnishings	2.0%	2.9%	7.6%	9.1%
Kids	5.5%	4.6%	5.1%	5.3%

FOCUS ON PRODUCT DIVERSIFICATION

- Focus on cotton products in summers, cotton segment grew by 16% YoY contributing 60.1% in FY19
- 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)

* Q4 FY18 Sales of scrap and accessories was Rs. 4.40 Mn, Other Operating revenue was 2.26 Mn & INDAS adj. was Rs. 54.88 Mn

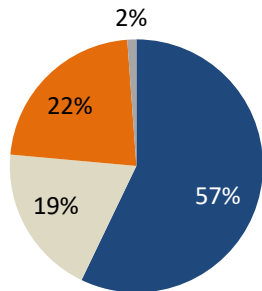
* Q4 FY19 Sales of scrap and accessories was Rs. 8.93 Mn, Other Operating revenue was 2.64 Mn & INDAS adj. was Rs. 10.08 Mn

* FY18 Sales of scrap and accessories was Rs. 14.38 Mn, Other Operating revenue was 11.80 Mn & INDAS adj. was Rs. 22.08 Mn

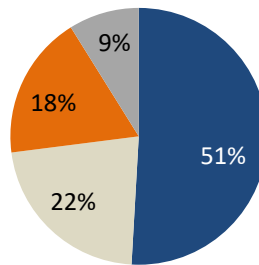
* FY19 Sales of scrap and accessories was Rs. 29.58 Mn, Other Operating revenue was 13.10 Mn & INDAS adj. was Rs. 194.36 Mn

REVENUE BREAKUP – CHANNEL WISE

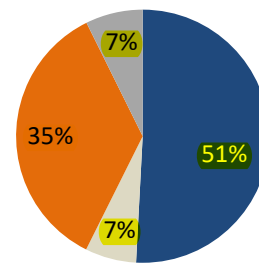
Q4 FY18: Rs 775 Mn



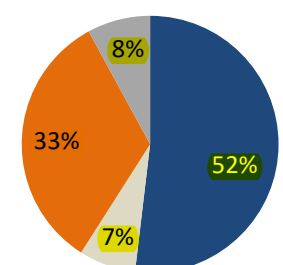
Q4 FY19: Rs 956 Mn



FY18: Rs 5,711 Mn



FY19: Rs 6,715 Mn



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

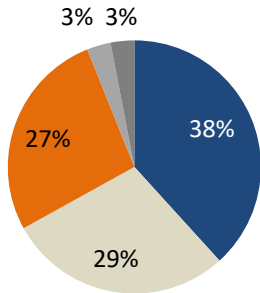
■ MBO+NCS ■ EBO-COCO ■ EBO-FOFO ■ Others inc online

Improving Diversification across various Channels of Sale

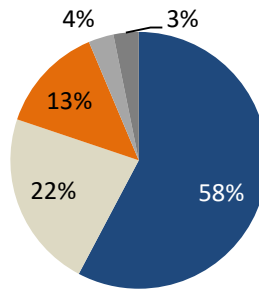
MBO – Multi Brand Outlet, EBO – Exclusive Brand Outlet, COCO – Company own Company operated, FOFO – Franchise own Franchise operated

REVENUE BREAKUP – REGION WISE

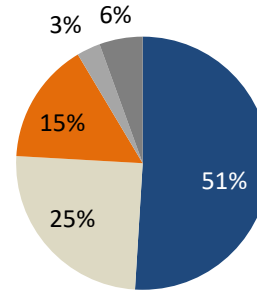
Q4 FY18: Rs 775 Mn



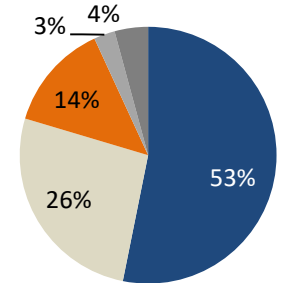
Q4 FY19: Rs 956 Mn



FY18: Rs 5,711 Mn



FY19: Rs 6,715 Mn



■ North ■ East ■ Central ■ South ■ West ■ North ■ East ■ Central ■ South ■ West

Improving Regional Diversification

STORE NETWORK			
Type of Store	FY17	FY18	FY19
EBO – COCO	20	21	27
EBO – FOFO	211	214	229
MBO's and Distributors	2,300+	2,500+	2,500+
NCS	198	283	306

EBO – NET ADDITIONS			
	FY17	FY18	FY19
Existing	223	231	235
New Opened	17	10	27
Closed	9	6	6
Total EBOs	231	235	256

In addition to 256 EBO's, company has 2 Overseas EBOs in Nepal.

Q4 & FY19: CONSOLIDATED PROFIT & LOSS STATEMENT

Particulars (In Rs Mn)	Q4 FY19	Q4 FY18	YoY%	FY19	FY18	YoY%
Revenue From Operations (Net of Excise Duty)	957.8	836.5	14.5%	6,563.7	5,759.5	14.0%
Material Cost	656.3	513.0	27.9%	3,443.9	2,922.1	17.9%
Gross Margin	301.5	323.5	-6.8%	3,119.8	2,837.4	10.0%
Gross Margin %	31.5%	38.7%	-719 bps	47.5%	49.3%	-173 bps
Personnel Expenses	155.4	144.2	7.8%	594.9	530.7	12.1%
Advertisement Expenses	137.8	93.2	47.8%	360.0	248.4	44.9%
Other Expenses	264.1	219.3	20.4%	1,134.9	926.0	22.6%
Operating EBITDA	-255.8	-133.2	-92.0%	1,030.0	1,132.3	-9.0%
Operating EBITDA Margin %	-26.7%	-15.9%	-1078 bps	15.7%	19.7%	-397 bps
Other Income	56.7	81.3	-30.2%	182.3	177.8	2.5%
Depreciation	48.9	50.9	-3.9%	191.0	209.6	-8.9%
Interest Expense	15.1	16.1	-6.3%	89.5	77.2	15.9%
CSR Expenditure	46.5	0.0	-	46.5	0.8	-
PBT	-309.6	-118.9	-160.4%	885.3	1,022.5	-13.4%
Taxes	-121.1	-32.1	-277.3%	289.3	343.4	-15.7%
PAT	-188.5	-86.8	-117.1%	596.0	679.1	-12.2%
PAT Margin %	-19.7%	-10.4%	-930 bps	9.1%	11.8%	-271 bps
EPS	-8.73	-4.00	-118.3%	27.46	31.25	-12.1%

Note: Company has changed the policy of manufactured finished goods valuation from retail method to actual cost method. The company has applied the change in accounting policy retrospectively by adjusting the opening balance of equity for the earliest prior period presented and the other comparative amounts disclosed in unaudited financial results for each prior period presented to the extent possible

FY19: CONSOLIDATED BALANCE SHEET

Particulars (Rs In Mn)	FY19	FY18
Equities & Liabilities		
Equity Share Capital*	207.3	217.3
Other Equity*	4,629.9	4,896.8
Total Equity	4,837.2	5,114.2
Non-Current Liabilities		
Financial Liabilities		
Borrowings	128.7	128.2
Other Financial Liabilities	153.3	134.1
Provisions	20.3	15.1
Other Non Current liabilities	13.1	14.7
Total of Non-current liabilities	315.3	292.1
Current Liabilities		
Financial Liabilities		
Borrowings	317.4	403.4
Trade and Other Payables	1,345.6	1,101.7
Other Financial Liabilities	985.4	227.2
Other Current liabilities	70.1	72.0
Provisions	12.4	18.1
Total Current Liabilities	2,730.9	1,822.4
Total Equity & Liabilities	7,883.4	7,228.6

Particulars (Rs In Mn)	FY19	FY18
Assets		
Non-Current Assets		
Property, Plant & Equipment	1,485.5	1,550.2
Capital work in progress	0.2	0.9
Other Intangible assets	9.4	11.8
Financial Assets		
Investments	477.2	376.1
Loans & Other Financial Assets	42.6	37.0
Other Financial Assets	0.9	0.0
Deferred Tax Assets (net)	71.2	131.1
Income Tax Assets (net)	90.8	76.7
Other Non-Current Assets	12.7	9.5
Total Non-Current Assets	2,190.5	2,193.3
Current Assets		
Inventories	1,911.6	1,735.4
Financial Assets		
Investments	898.1	907.2
Trade Receivables	2,198.5	1,899.7
Cash & Bank balances	349.1	181.2
Loans & Other Financial Assets	17.3	32.2
Other Current Assets	318.3	279.7
Total Current Assets	5,692.9	5,035.4
Total Assets	7,883.4	7,228.6

* Consequent to the buy back in accordance with Ind AS 8 & 32 Rs 10 Mn has been reclassified from equity and Rs 540 Mn has been reclassified from other equity to other current financial liabilities

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

- We have started our sale through Shop in Shop(SIS) Model.
- Focus on Online sales through own portal as well as Tie-ups with e-commerce portals such as Flipkart, Jabong, Myntra, Amazon and Kapsons

FOCUS ON RETURN RATIOS EXPANSION

- No major capex requirement for over next 2 years. Average sustaining capex is to be in the range of Rs 150-200 mn on yearly basis in the next two years
- Ability to sustain Robust growth without any major capex. Therefore Return ratios set to improve.



MONTE CARLO 

It's the way you make me feel

COMPANY OVERVIEW

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'
 - 'Luxuria' - premium range for menswear & 'Cloak and Decker' - economy range for menswear
 - 'Denim' - exclusive range for denim apparels
 - 'Alpha' - exclusive range for womenswear & 'Twins' - exclusive range for kidswear
 - 'ROCK IT' – Premium range for sportswear

WIDE-SPREAD REACH & PRESENCE

- Wide-spread retail presence across India through a judicious mix of EBOs, MBOs and distributors and national chain stores located in 22 states & 1 union territory
- As on March 2019, the Company had 256 EBOs (27 EBO – COCO, 229 EBO – FOFO), 2,500+ MBO and distributors and 306 NCS
- E-commerce presence through own portal www.montecarlo.in and www.rockit.co.in as well as tie-ups with Digital platforms such as Flipkart, Amazon, Jabong, Myntra and Kapsons

KEY FINANCIALS

- Consolidated Revenues, EBITDA and PAT were Rs. 6,564 mn, Rs. 1,030 mn and Rs.596 mn respectively in FY19
- Strong balance sheet is reflected by healthy cash & cash equivalents of Rs 1,724 mn (includes cash and bank balance along with current and non-current investments)

MONTE CARLO

It's the way you make me feel

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, Pullovers thermals, woollen accessories (caps, mufflers, shawls, stoles)	Shirts, trousers, t-shirts, track-suits and jackets	Mink blankets, bed sheets and quilts	
Luxuria – Premium range for Men	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		
Sportswear – fitness & fashion wear range “Rock.it”		Tank, Polo T-Shirts, Shorts, Track Pants		

IN-HOUSE DESIGN & PRODUCT DEVELOPMENT:

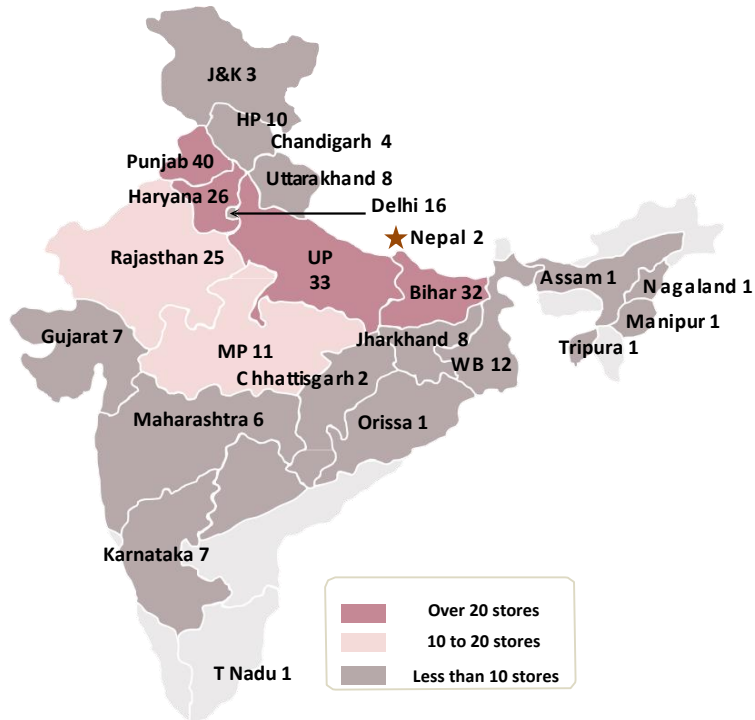
- Strong design team of over 30 professionals closely tracking the trending global fashion
- Focus on developing new products, improving existing ones and forecasting fashion trends
- Regular market surveys done by Marketing Team to understand consumer tastes and feedback

MANUFACTURING CAPABILITIES:

- Two manufacturing facilities in Ludhiana, Punjab -
 - One for woollen apparels
 - One 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



PAN INDIA PRESENCE ACROSS 22 STATES & 1 UNION TERRITORY



MBO – Multi Brand Outlet, EBO – Exclusive Brand Outlet

COCO – Company own Company operated, FOFO – Franchise own Franchise operated, NCS – National Chain Stores

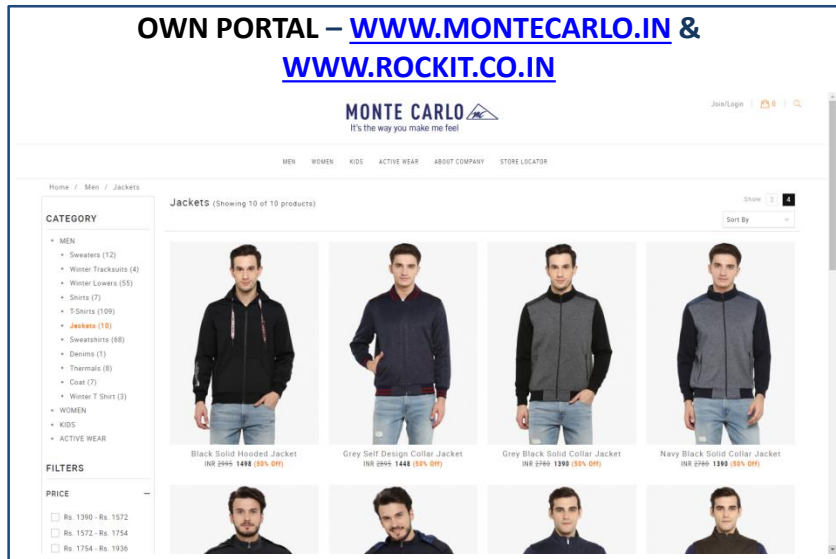
★ Pan India 256 EBOs, excluding 2 EBOs in Nepal



STORE NETWORK

Type of Store	FY17	FY18	FY19
EBO – COCO	20	21	27
EBO – FOFO	211	214	229
MBO and Distributors	2,300+	2,500+	2,500+
NCS	198	283	306
E-Commerce	Amazon, Flipkart, Myntra, Jabong and Kapsons		

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





BUSINESS CYCLE FOR WINTER SEASON SALES

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

BUSINESS CYCLE FOR SUMMER SEASON SALES



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

COMPANY OVERVIEW

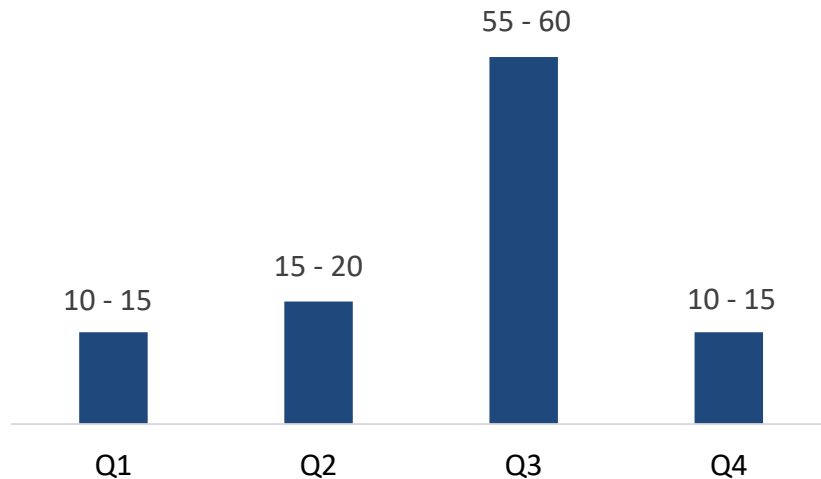
ROBUST DISTRIBUTION MODEL

	MBO and Distributors	NCS	EBO-COCO	EBO –FOFO
Total Number of Outlets (Mar'19)	2,500+	306	27	229
% of Revenue Contribution – FY19	60% (NCS Contribute less than 10%)		40%	
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 Return Risk	No	Yes	N.A	Minimal 5% - 10 % of Products Return Allowed
Discount Sharing	No	Yes	N.A.	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

SEASONALITY IMPACT ON REVENUES (In % terms)



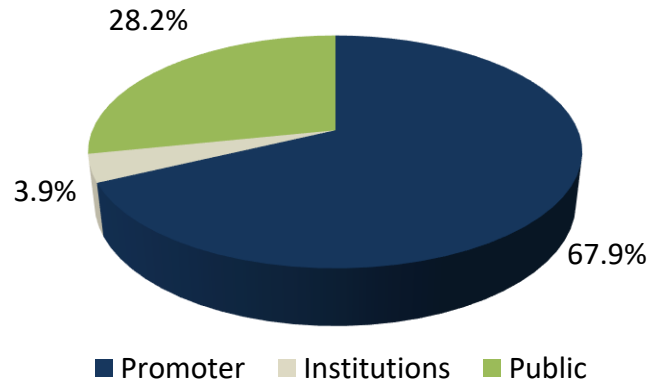
BUSINESS SEASONALITY:

- 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.
- Product mix is tilted towards Winter products both in terms of cost and revenues
- 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

Shareholding Pattern * – 12th April 2019



Key Institutional Investors * – 12 April 2019

% Holding

Kanchi Investments Ltd (Samara Capital)	9.40%
Goldman Sachs India	3.13%

* Post Share Buyback

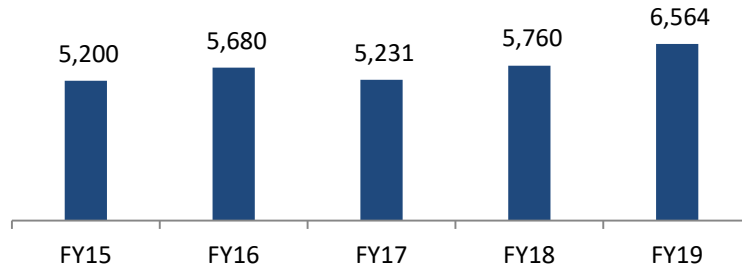
Note:

The Company issued Public Announcement dated 8th February 2019, for buy-back of 1,000,000 equity shares of face value Rs 10 each from its existing shareholders as on the record date of 22 February 2019 on a proportionate basis through “Tender Offer” route in accordance with the provisions contained in the SEBI Regulations, 2018 and the Companies Act, 2013 at a price of Rs 550 per equity share, aggregating to Rs 550 Mn. The tendering period for buyback offer remained open from 19th March 2019 to 2nd April 2019 and the settlement in respect of shares bought back have been completed on 10th April 2019. Extinguishment of the shares bought back have been completed on 11th April 2019.

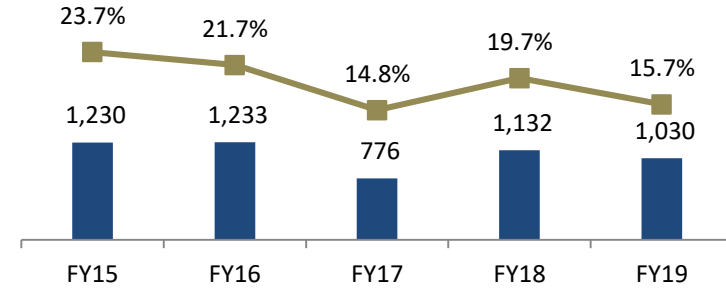
COMPANY OVERVIEW

FINANCIAL HIGHLIGHTS

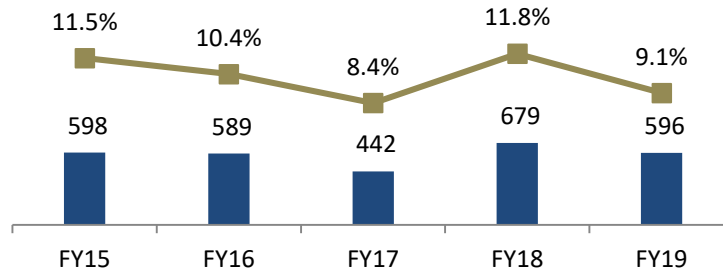
REVENUES



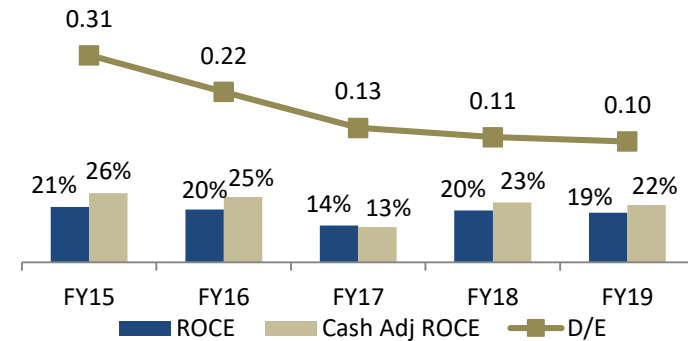
OPERATING EBITDA & EBITDA MARGIN



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

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

MONTE CARLO 

It's the way you make me feel

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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.