

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



**MONTE CARLO FASHIONS LIMITED**  
Q2 FY20 INVESTOR PRESENTATION

“

It's the way  
you make me feel



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## 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
- 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>Tweens –</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

Q2 & H1FY20 HIGHLIGHTS

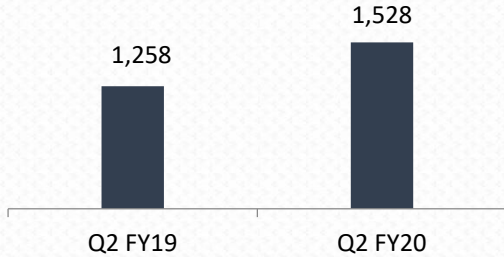




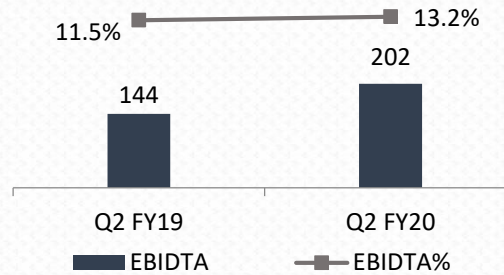
# Q2 & H1 FY20: FINANCIAL HIGHLIGHTS

In Rs Mn

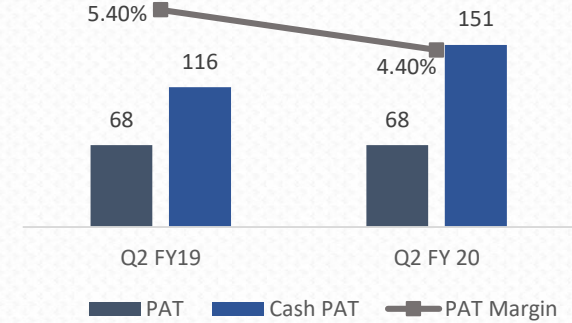
## REVENUES



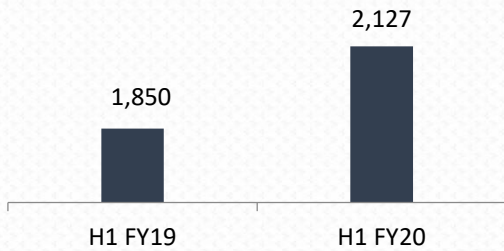
## EBIDTA & EBIDTA MARGIN%



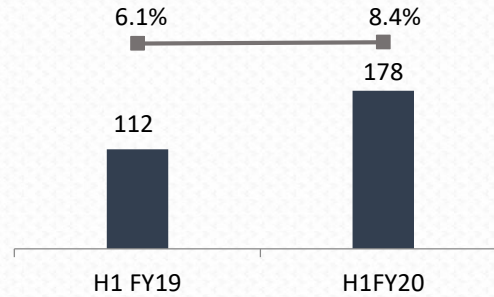
## PAT, CASH PAT & PAT MARGIN %



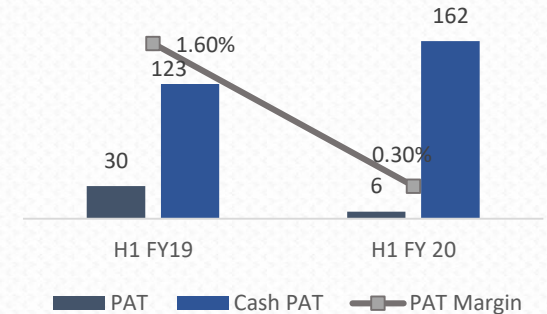
## REVENUES



## EBIDTA & EBIDTA MARGIN%



## PAT, CASH PAT & PAT MARGIN %



Note: Quarterly figures are as per Indian AS.

\* Revenue figures does not include sale of raw material (Fabric & Yarn sales)

# Q2 FY20: REVENUE DETAILS

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

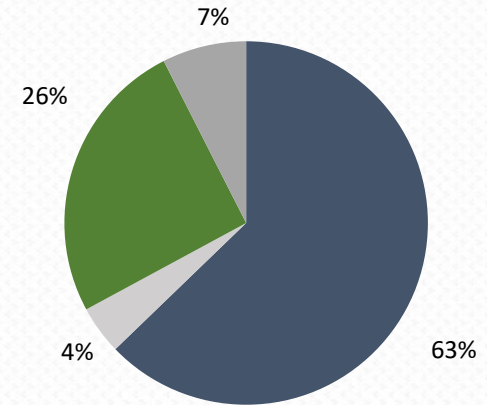
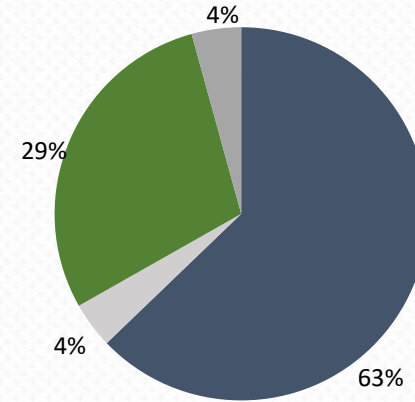
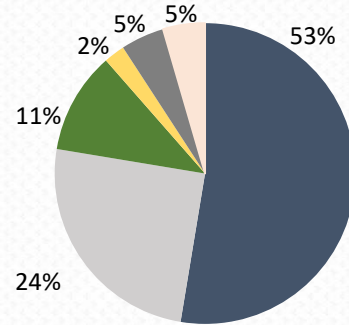
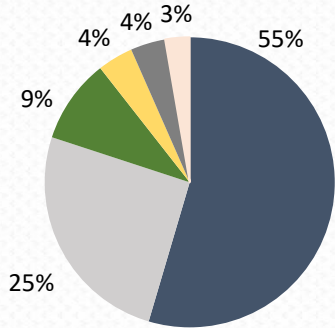
## REVENUE BREAKUP – CHANNEL WISE

Q2 FY19: Rs 1,346.50 Mn

Q2 FY20: Rs 1,511.03 Mn

Q2 FY19: Rs 1,346.50 Mn

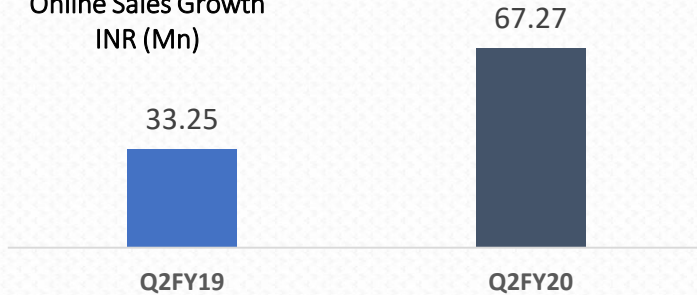
Q2 FY20: Rs 1,511.03 Mn



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

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

Online Sales Growth  
INR (Mn)



IMPROVING DIVERSIFICATION ACROSS VARIOUS CHANNELS OF SALE

# Q2 FY20: REVENUE ANALYSIS

## SEGMENT GROWTH

In Rs Mn	FY18	FY19	Q2 FY19	Q2 FY20	H1 FY19	H1 FY20
Total Revenues*	5,711	6,715	1,346.50	1,511.03	1,887.59	2,080.23
Woollen Segment	26.30%	25.50%	23.02%	22.12%	13.56%	12.81%
Cotton Segment	61.00%	60.10%	60.49%	54.32%	68.31%	62.38%
Home Furnishings	7.60%	9.10%	13.11%	19.28%	14.36%	20.10%
Kids	5.10%	5.30%	3.38%	4.28%	3.77%	4.71%

### 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)

\* H1 FY19 Sales of scrap and accessories was Rs.14.60 Mn, Other Operating revenue was Mn & INDAS adj. was Rs.-56.30 Mn

\* H1 FY20 Sales of scrap and accessories was Rs.43.70 Mn, Other Operating revenue was Mn & INDAS adj. was Rs.-0.07 Mn

\* FY18 Sales of scrap and accessories was Rs.14.40 Mn, Other Operating revenue was Mn & INDAS adj. was Rs. 22.10Mn

\* FY19 Sales of scrap and accessories was Rs. 30.00 Mn , Other Operating revenue was Mn& INDAS adj. was Rs. -194.00Mn

# Q2 FY20: PROFIT AND LOSS STATEMENT

Particulars (In Rs Mn)	Q2 FY20	Q2 FY19	YoY%	H1 FY20	H1 FY19	YoY%	FY19
<b>Revenue From Operations</b>	1,528	1,258	21%	2,127	1,850	15%	6,564
Material Cost	720	588	23%	915	779	17%	3,444
<b>Gross Margin</b>	<b>808</b>	<b>670</b>	<b>20.6%</b>	<b>1,212</b>	<b>1,071</b>	<b>13.1%</b>	<b>3,120</b>
<b>Gross Margin %</b>	<b>53%</b>	<b>53%</b>	<b>-0.8%</b>	<b>57%</b>	<b>58%</b>	<b>-1.6%</b>	<b>47%</b>
Personnel Expenses	169	156	8.3%	322	291	10.6%	595
Advertisement Expenses	84	66	27.3%	138	143	-3.5%	360
Other Expenses	353	304	16.1%	574	525	9.2%	1,135
<b>Operating EBITDA</b>	<b>202</b>	<b>144</b>	<b>40.3%</b>	<b>178</b>	<b>112</b>	<b>58.9%</b>	<b>1,030</b>
<b>EBITDA Margin %</b>	<b>13%</b>	<b>11%</b>	<b>15.3%</b>	<b>8%</b>	<b>6%</b>	<b>38.6%</b>	<b>16%</b>
Other Income	44	38	15.8%	70	69	1.5%	182
Depreciation	82	48	70.8%	155	93	66.6%	191
Interest Expense	47	25	87.7%	81	41	97.6%	89
CSR Expenditure	-	-	-	-	-	-	47
<b>PBT</b>	<b>117</b>	<b>109</b>	<b>7.3%</b>	<b>12</b>	<b>47</b>	<b>-83.3%</b>	<b>885</b>
Current Taxes	2.6	0.3	-	3	2	-	227
Deferred Taxes	46	41	-	3	15	-	62
<b>PAT</b>	<b>68</b>	<b>68</b>	<b>-0.6%</b>	<b>6</b>	<b>30</b>	<b>-80%</b>	<b>596</b>
<b>PAT Margin %</b>	<b>4%</b>	<b>5%</b>	<b>-18.2%</b>	<b>0.3%</b>	<b>1.6%</b>	<b>-81.1%</b>	<b>9%</b>
EPS (Rs.)	3.27	3.14	-	0.31	1.38	-	27.46

# BALANCE SHEET HIGHLIGHT

Particulars (Rs Million)	Sep-19	Mar-19
Share Capital	207	207
Other Equity	4,630	4,630
<b>Total Shareholder's Funds</b>	<b>4,837</b>	<b>4,837</b>
Long-term Borrowings	189	129
Other financial Liabilities	158	153
Lease liability	607	-
Other Non Current liabilities	12	13
Provisions	26	20
<b>Total Non current liabilities</b>	<b>992</b>	<b>315</b>
<b>Current Liabilities</b>		
Short Term Borrowings	1,588	317
Trade & Other Payables	1,854	1,346
Lease liability	89	-
Other financial liability	447	985
Other current liabilities	308	70
Short term provision	9	13
<b>Total Current Liabilities</b>	<b>4,295</b>	<b>2,731</b>
<b>Total Liabilities</b>	<b>10,124</b>	<b>7,883</b>

Particulars (Rs Million)	Sep-19	Mar-19
<b>Non Current Assets</b>		
Property ,Plant and Equipment	1,597	1,486
Right of use of assets	676	-
Capital work in progress	3	-
Other intangible assets	8	9
<b>Financial Assets</b>		
Investments	343	477
Loans	44	43
Other financial assets	95	1
Income Tax Assets(net)	244	91
Deferred tax assets(net)	69	71
Other non-current assets	9	13
<b>Total non-current assets</b>	<b>3,089</b>	<b>2,191</b>
<b>Current Assets</b>		
Inventories	3,101	1,911
<b>Financial Assets</b>		
Investments	973	898
Trade Receivables	2,483	2,198
Cash & Bank Balance	15	327
Other Bank balance	10	23
Loans	10	12
Other financial assets	9	5
Other Current Assets	434	318
<b>Total Current Assets</b>	<b>7,035</b>	<b>5,692</b>
<b>Total Assets</b>	<b>10,124</b>	<b>7,883</b>

03

MONTE CARLO

ADVANTAGE



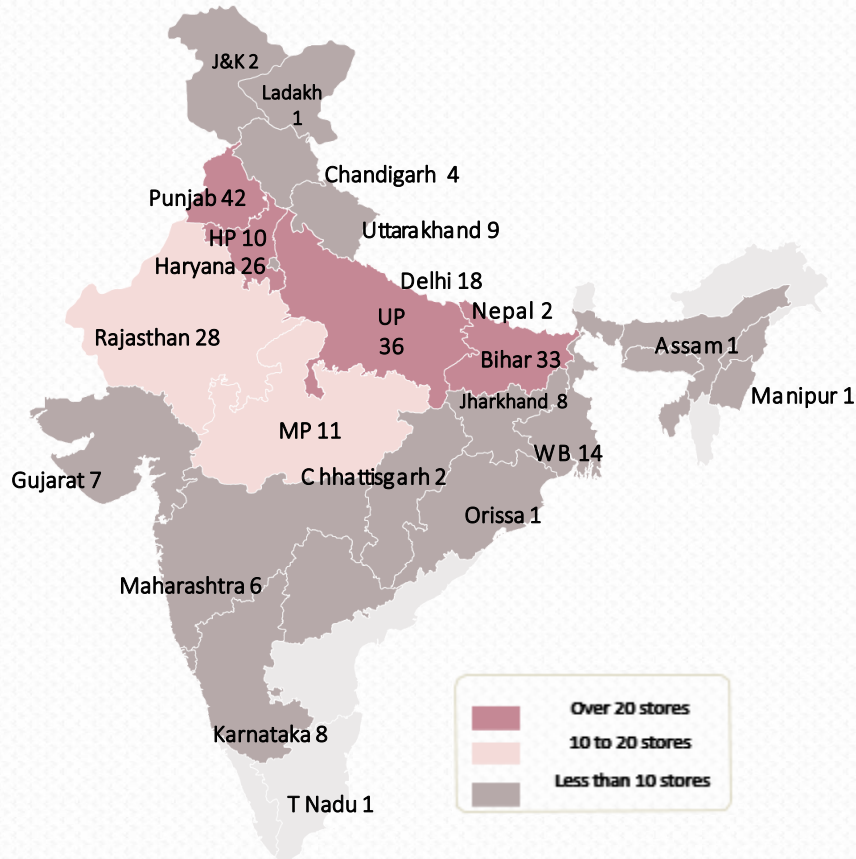
# STRONG BRAND EQUITY ...

- ❖ “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	FY18	FY19	Q1 FY20	Q2 FY20
EBO – COCO	21	27	30	34
EBO – FOFO	214	229	232	236
MBO and Distributors	2,500+	2,500+	2500+	2500+
NCS	283	306	103	308
SIS		-		128
E-Commerce	Amazon, Flipkart, Myntra, Jabong and Kapsons			

EBO – NET ADDITIONS			
	FY19	Q1 FY20	Q2 FY20
Existing	235	256	262
New Opened	27	8	14
Closed	6	2	6
<b>Total EBOs</b>	<b>256</b>	<b>262</b>	<b>270</b>

## NEW STORE LAUNCHES

**FOFO:** NORTH (5), CENTRAL (3), EAST (2)

**COCO:** EAST (2), SOUTH (1), NORTH (1)



# ... & REGULAR TECHNOLOGY UPGRADATION

## Whole Garment Machine



3D KNIT

FASHION  
ORIENTED



## Cotton

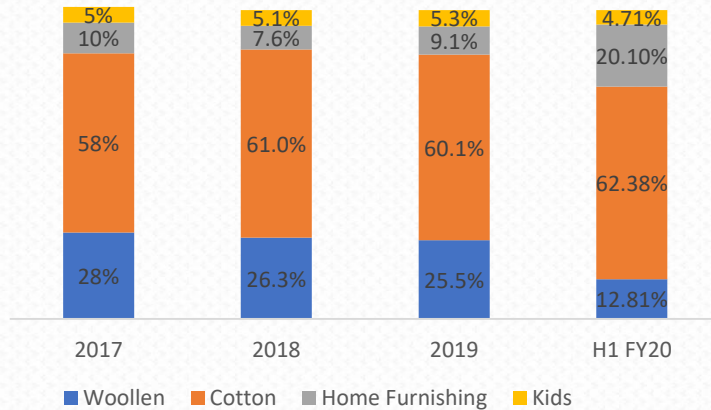


## Woollen

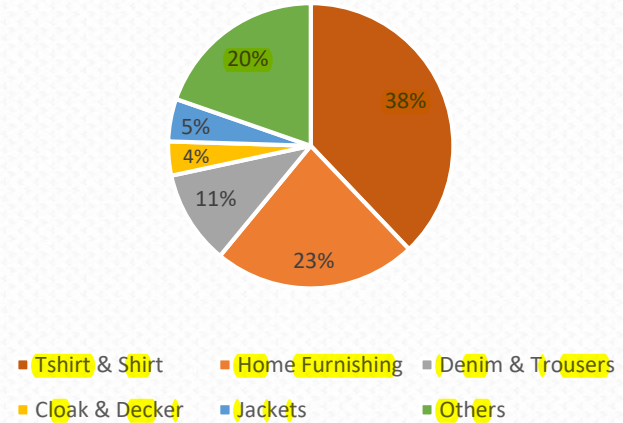


- 30 professionals closely tracking the trending global fashion
- To meet the standards of technology upgradation and modernisation, Company has installed the automatic whole-garment state-of-art manufacturing facility, at the existing Ludhiana's unit.
- This technology, in knit is one entire piece which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



## COTTON SEGMENT BIFURCATION-H1 FY20



- Woollen share gradually reducing due to diversification, focusing more on cotton products
- Shirts, Tshirts, Cloak & Decker(New economy range) & Home Furnishing together contributes ~70% to the total Cotton contribution
- Company has diversified itself into Fitness Regime through Brand “Rock It”

## Sh. Jawahar Lal (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 1,435 Mn as of September 2019 (includes cash and bank balance along with current and non-current investments)

## LOWER DEBT

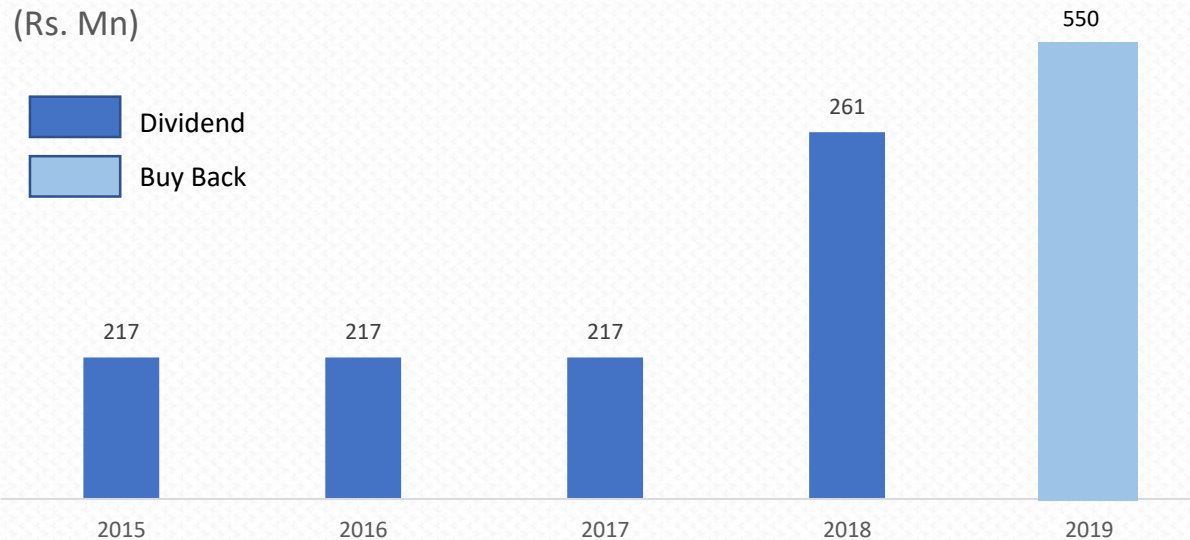
❖ Low overall debt; Long term borrowing at Rs 189 Mn as of September 2019

Strong Dividend  
Policy



# Consistent Reward to Shareholders

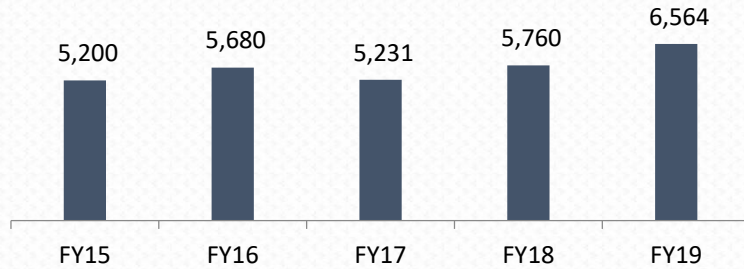
Strong Track Record and Proven Expertise to Generate Healthy, Predictable and Sustainable Returns



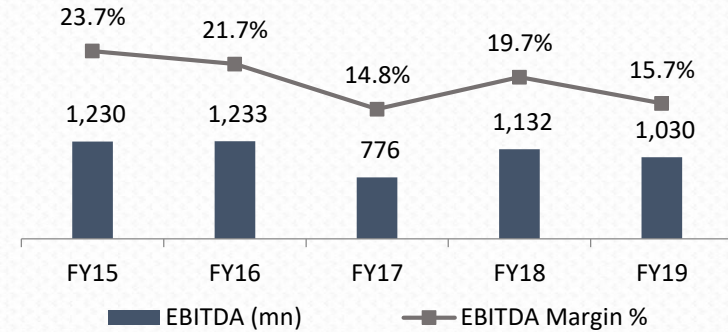
- Company has cumulatively paid(From FY15 - FY18) Rs. 912 Mn as a dividend to shareholders
- Company has also done buyback of Rs 550 Mn. in FY19 to reward shareholders

# FINANCIAL PERFORMANCE

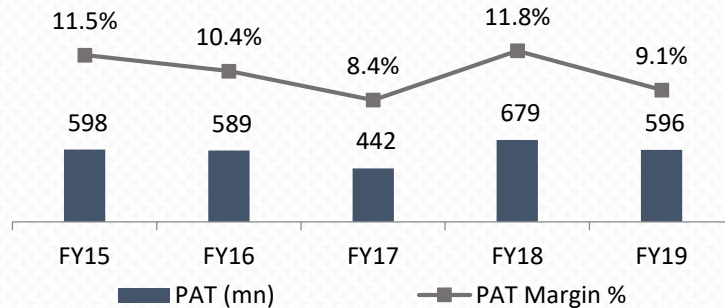
## CONSISTENT REVENUES



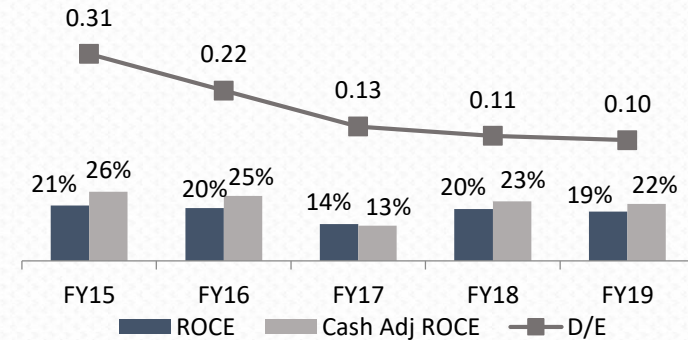
## EBITDA & EBITDA MARGIN



## 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

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 14.7 Mn in Sept 19 from 8.9 Mn Sept 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

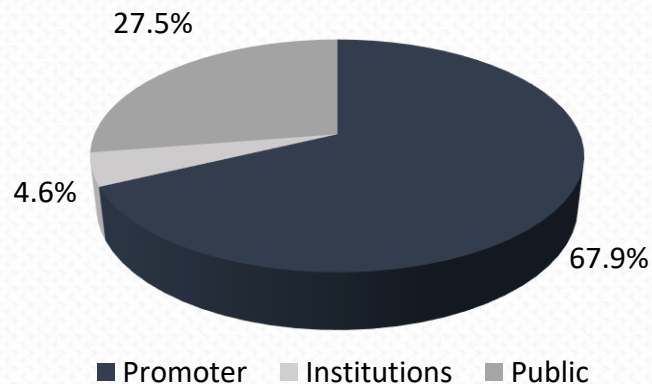
## BRAND AMBASSADOR

- 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 Pattern \* – September 2019



## Key Institutional Investors \* – September 19 2019 % Holding

Kanchi Investments Ltd (Samara Capital)	9.40%
Goldman Sachs India	3.12%

### \* Post Share Buyback

#### Note:

The Company issued Public Announcement dated 8<sup>th</sup> 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 19<sup>th</sup> March 2019 to 2<sup>nd</sup> April 2019 and the settlement in respect of shares bought back have been completed on 10<sup>th</sup> April 2019. Extinguishment of the shares bought back have been completed on 11<sup>th</sup> April 2019.



## 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.*