“Monte Carlo Fashions Limited
Q3 FY2022 Earnings Conference Call”

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ANALYST:	**MR. DEVANSHU BANSAL - EMKAY GLOBAL FINANCIAL SERVICES**
MANAGEMENT:	**MR. DINESH GOGNA – DIRECTOR – MONTE CARLO FASHIONS LIMITED** **MR. SANDEEP JAIN – EXECUTIVE DIRECTOR – MONTE CARLO FASHIONS LIMITED** **MR. R K SHARMA – CHIEF FINANCIAL OFFICER - MONTE CARLO FASHIONS LIMITED** **MR. ANKUR GAUBA – COMPANY SECRETARY - MONTE CARLO FASHIONS LIMITED**

Moderator: Ladies and gentlemen, good day, welcome to the Q3 FY2022 results conference call of Monte Carlo Fashions Limited, hosted by Emkay Global Financial Services. We have with us today on the call, Mr. Dinesh Gogna – Director, Mr. Sandeep Jain – Executive Director, Mr. R K Sharma - CFO and Mr. Ankur Gauba – Company Secretary. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Devanshu Bansal – Emkay Global Financial Services. Thank you and over to you Sir!

Devanshu Bansal: Good morning, everyone. I would like to welcome the management team of Monte Carlo Fashions Limited and also thank them for this opportunity. Without taking much time, I shall now hand over the call to the management team for their opening remarks. Over to you Sir!

Sandeep Jain: Good morning, everyone. It is a great pleasure to greet you all on behalf of our Board of Directors. Thank you for joining us for this earnings call of Monte Carlo Fashions Limited to discuss the financial and the operating performance for Q3 and 9M FY2022. I hope all of you and your family members are keeping safe and healthy.

I would like to highlight that, certain statements made or discussed on this conference call today will be forward-looking statement and a disclaimer to this effect has been included in the results presentation shared with you. Result documents are available on the company website and updated on the Stock Exchanges as well. A transcript of this call would be also made available on the Investor session of the company's website.

Before talking about our financial and operational performance, I would like to talk about the macro environment. Indian economy has already moved to normalcy despite minor disruptions caused due to newly evolved Omicron variant in the month of December and January. All our stores across geographies are now fully operational and people are venturing out of their office more freely for going for vacations, shopping and parties, which will further accelerate the demand for different type of clothing.

Indian domestic textiles and apparel market is expected to grow at 10% CAGR to reach Rs.190 billion by 2026 and the shipping consumer preferences towards branded apparel gives us ample scope for growth.

Now let me share with you the financial and the operational highlights for the 9 months ended financial year 2022. It gives us immense pleasure to inform you that the company has reported its highest ever revenues from operations of Rs.742 Crores during nine months as against Rs.513 Crores during nine months of financial year 2021 registering a growth of 45% year-on-year due to strong recovery in demand across all product categories. More importantly, we have even surpassed our pre COVID sales of Rs.656 Crores in FY19 and Rs. 726 crores in FY20. We continued to witness encouraging trends from online sales channel which stood at Rs.48 Crores as against Rs.26 Crores in 9 months financial year 2021 and increase of 86% year-on-year.

Operating EBITDA margin decreased by 150 basis points from 22.8% during 9 months financial year 2021 to 21.3% during 9 months FY22 due to increase in advertising and other expenses similar to pre-COVID levels. I would like to highlight once again due to seasonality involved in our business investors should always see our business performance on full year basis and not on the quarterly trends.

Our balance sheet continues to remain strong with cash and cash equivalent of Rs.194 Crores and zero net debt on December 31, 2021. We believe that we have built a strong foundation for the future with sustainable and profitable growth for the long-term.

Our current strategy is to establish a strong brand by including increasing our presence pan India. Our key strength is our extensive distribution network, which is present across India. As on December 31, 2021 our company has been present through 315 exclusive business outlets, more than 2,000 multibrand outlets, 730 national chain stores, 235 SIS along with presence across all major online platforms like Amazon, Flipkart, Myntra, Nykaa, Tata Cliq, Ajio and Kapsons in addition to our website.During the nine months financial year 2022, the company opened 31 new stores in different regions and at the same time closed a few non performing stores.. Majority of our net revenue from the franchise, EBOs and MBOs where we primarily sell on pre-order or outright basis. By virtue of this business model, there is no major inventory risk, and we always remain insulated from the normal hazard sales in branded apparel business.

I would like to highlight that till date we have experienced almost zero bad debts in our business, which stands testimony to our strong business model based on our zerocredit risk policy for the company. At Monte Carlo, we are pledged to provide our customers with our finest clothing through product innovations, high quality and the launch of new collections from time to time. Moreover, we continuously work towards changing the look and feel of our stores to give our customers best in class experience.

To further enhance recall and visibility of our brands among consumers, we are focused on advertising via different platforms like television, online and retail channels, national, regional newspapers, hoardings and billboards displayed at airports and cinemas.

As announced during last quarter, to leverage the growth opportunity in home textile sector and to reap the benefit of PLI scheme announced by the Government of India. We have incorporated a subsidiary company which will manufacture rugs around 13 million square meter per annum with a total investment of Rs.355 Crores over a period of five years. Moving in that direction, we have already filed the PLI application with the Government of India whose approval is expected shortly.

At Monte Carlo, we believe in stable and the supreme performance with our focus being on maximizing the revenue growth going ahead. Large interest is to build the profitability by maintaining cost control measures and focus on improving return ratios and maintaining healthy balance sheet position by following an asset light model.

So, with this now we open the floor for question and answer session. If any of you have any queries, post this earnings call, you may also connect us at investor@montecarlocorporate.com or Dickenson World, our Investor Relations Advisors.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Harish Shah from HS Investment. Please go ahead.

Harish Shah: Could you please give me the volume of pieces sold during the 9M FY2022?

Sandeep Jain: The total volume for the woolen is having a volume growth of around 30%, it was 10,47,000 pieces in YTD DEC 20 and IN ytd dec 21, 13,73,000 pieces in woolen and in cotton category it was 25.62 lakh pieces last financial year and this year it is 40.76 lakh pieces.

Harish Shah: Which includes any institutional sales or B2B sales?

Sandeep Jain: It includes all the sales including MBOs, EBOs, NFS, online channels and corporate sales.

Moderator: Thank you. The next question is from the line of Venkat Subramanian from Organic Capital. Please go ahead.

Venkat Subramanian: In the previous couple of calls, you have been mentioning that stocks inside the system of all our distributors has been pretty low and therefore there could be a good bounce back which is really how it has panned out now, so the kind of growth that we have had in the third quarter how sustainable is it, and is it primarily driven by low level of inventory in the system or is it also because there is a lot of demand pull?

Sandeep Jain: No, When growth comes definitely there is more inventory then only you can generate more sales, but as far as closing stock is concerned, the closing stock is lesser than last year's closing stock. So, it means that the volume growth is there, value growth is there, but at the same time, the stocks, which has been there in the retail level and other level, it has gone down. As far as your second question which is about input cost as far as input cost is concerned, there has been a pressure of input cost because of the raw material and also because of the fuel and other things and their costs have gone up, but still we have maintained our margins and also we have passed on most of the input cost to the consumers and retailers. Even in our recently concluded summer period show, there has been an increase of 18% in our summer wear prices, which have been completely absorbed by the consumers and retailers and those costs have been passed on to the consumers.

Venkat Subramanian: On both the fronts, you would feel that the current growth trends and current margin trends can continue or improve, is that your message?

Sandeep Jain: See, one thing which we have guided in the beginning of this financial year was that we will be able to maintain our previous margins of 18% to 19% EBITDA pre-COVID level margins. So, last year margins were exceptional margins because of cut in advertising costs, cut in salary cost, cut in other expenditure but historical margin of the company lies between 18% to 19% EBITDA, which we fully standby and committed to achieve those guidelines in the future as well, and as far as revenue growth is concerned, at the beginning of the year, if you recall, we have given the guidance of 20% to 25%. Then in the middle of the year, we have revised that to 25% to 30% then in the last one month, we have revised the guidance again to 30% to 35%. So, the company has revised its guidance thrice in the year going forward which shows the confidence of the company in its business model. We are confident to achieve this guidance going in the fourth quarter as well. One more thing I would like to add over here is that we are not an IT or a pharma company, where the quarterly revenues are managed always. It is an apparel company which has to be seen on yearly basis and we always give our guidance on an annual basis. We have never given our guidance on a quarter basis, because there are quarter based variations because of early dispatches, because of late dispatches, because of seasonality, but at the end of the year, whatever the company has guided, we always stood by our guidance of the full financial year guidance and full financial year margins.

Moderator: Thank you. The next question is from the line of Deepan Shankar from Trustline PMS.

Deepan Shankar: Firstly, wanted to understand in woolen business, do we also expect Q4 to be strong with some more growth coming due to extended winter?

Sandeep Jain: Definitely yes, EOSS, we sell everything including woolen source and including cotton source. So, January and February basically EOSS and then in March the fresh category sale starts. So, we are very confident going forward that trend will continue. The annual guidance which we have given, which we stood by even though there have been disruptions in the economy by the Omicron variant in January and February, but still as of today, I think we are more confident for that going forward as well.

Deepan Shankar: Otherwise, generally Q4 seem to be discount sale for winter goods. So, are we expecting this discounting to be coming down this year as compared to the last year?

Sandeep Jain: I cannot say that discount will come down this year, because there have been disruptions by the economy, by the Omicron variant and there were some shops which were closed in Delhi, Haryana and other regions also, so that actually made every company go for a discount early and also take higher discounts to get rid of the inventory because of the early disruptions, still I think we have been very fortunate to have our inventory liquidated and at this moment, we are very confident that our closing stock of winter goods at the retail level will be same or less than the last financial year.

Deepan Shankar: This employee cost at current level so will this run rate continue, or do we expect some degrowth at this cost level?

Sandeep Jain: Employee cost has only increased because of the increments given in the last financial year because it was not given in last to last year. But going forward the percentage will remain same or it may come down because when the value increases, by percentage it may come down.

Deepan Shankar: Sir, lastly on this rugs and mink blanket business, any updates, can you throw some light on sustainable margin front, so what kind of margins we can make on that business?

Sandeep Jain: As far the Detailed Project Report(DPR), is concerned, in rugs in the second or third year we will be going to have margin a 18% to 19% EBITDA which is same as in our business. So, I do not think it will affect our business. It will only increase our revenues as well as the profitability going forward.

Moderator: Thank you. The next question is from the line of Danish Mistry from Investor First Advisors. Please go ahead.

Danish Mistry: Good morning. Congratulations for good sales growth. I just had two questions if you can. The first one is the other expenses for us have gone up quite a bit, almost 50% on a year-on-year basis, given that we are looking at seasonal quarter, so last December versus this December. So, what do you think has driven that? Do you think it is the logistics cost? Where have we seen this inflation, and do you think it is sustainable or do you think it is going to come down and how much is your estimate?

Sandeep Jain: If you see the comparison, it was 14.65% last financial year and it is 15.5% this financial year an increase of 90 basis points and that is not that much because of travelling cost, because in COVID people did not travel to various locations, but in this financial year definitely because when you need to grow, you need to travel to different areas, so that is part of the business. So that is why it has grown by 90 basis points. I think that is marginal as far as our business is concerned.

Danish Mistry: Got it. No, simply because we have maintained our gross margins but it is the employee cost, other expenses and advertising cost and CSR, which has actually resulted in a negative 2% YoY growth. That is the reason Sir to understand. So, do you think that these expenses will remain at these levels or do you see them coming off?

Sandeep Jain: No. I think they will remain at this level or marginally they can come down as we grow next year.

Danish Mistry: Got it. Sir, the advertising expenditure, it was very heartening to see that we have taken this up to Rs.8 Crores. Do we continue with this level of advertising expenditure?

Sandeep Jain: Advertising spend is basically the lifeline of any brand. So, you need to be present in the market to know people what you are making so in COVID year basically we did not do much advertising so as to cut down the costs in various areas, to save us but to increase our presence, to other geographies where we are not that strong, so it will definitely be into the level of 2% to 3% of advertising, which was just 1% in the last financial year. That is why you see that this year the quarterly profit has gone down by Rs.5 Crores because we have increased our advertisement spend.

Danish Mistry: Got it Sir. This CSR, Rs.1.8 Crores that we have done, we will be doing that every quarter, or was it a one-off thing, because last time, same quarter we did not have it, that is why I was just checking?

Sandeep Jain: This is once in a year. So, this is 2% of your net profit, which we have to do as per the government regulations.

Danish Mistry: Last question, if you can just touch upon, you had mentioned in a couple of calls ago, that you were looking at the T-shirts market and at that time, it was about 100 Crores to 120 Crores, on an annualized basis, of sales, so some sense on that have you launched that other brand that you were talking about and how do you see that market growing for yourself?

Sandeep Jain: Which one?

Danish Mistry: T-shirt market, you had mentioned that there were certain categories like T-shirts, which were in more affordable segment, and which were unorganized and all and therefore you were looking at launching a sub-brand, less premium brand which would kind of address that market?

Sandeep Jain: I think there is some miscommunication in that. We only wanted to increase our presence and to strengthen these categories and that we have been able to do this financial year. If I compare the volume of last year, it was around 8,64,000 T-shirts and this year we did 12,77,000 T-shirts. So, there has been a volume growth of around 50% in T-shirts in this financial year.

Danish Mistry: Our net cash balance is how much Sir?

Sandeep Jain: Rs.194 Crores.

Moderator: Thank you. The next question is from the line of Keshav Garg from Counter Cyclical Investments. Please go ahead.

Keshav Garg: Sir, wanted to understand that seasonally our Q4 and Q1 are weak quarters and we offen face, some operating loss, which pulls down the profitability for the full year. So, going forward for the next two quarters, do you think that the company is now in a position to at least break even on EBITDA level?

Sandeep Jain: I cannot comment on the fourth quarter numbers, right now because there have been discounts going on and we will only come to know on March 31, but I think the annual guidance which the company has given we purely stood by that guidance that is 30% to 35% growth and we will be able to maintain our margins to pre-COVID levels. So, by that you can estimate the kind of growth we will do in the next quarter and also the kind of EBITDA because see we are not concerned or bothered about the quarterly movements, so in some quarters, there are lesser sales and, in some quarters, there are more sales but the overall EBITDA and overall growth of the company will remain at that level, which we have guided.

Keshav Garg: Now that we have a high base of this year due to stupendous growth, Sir, in the next financial year FY2023, how do things look for and what is the feedback that you are getting from the retail channel about demand and how much can our revenue grow on this base next year?

Sandeep Jain: Thank you very much. I was expecting this question and thanks it came from you. I am just giving you some of the comparisons with our competitors which are there in the market. See, we are the only listed apparel company which have grown this full year sales of pre-COVID sales. I am just giving you an example, in 2019-2020 the company had done annual sales of Rs.726 Crores and we have achieved Rs.742 Crores even in 9 months already. In case of Kewal Kiran the sale was Rs.530 Crores for pre-COVID sales in 2019-2020 and they have just Rs.438 Crores. In case of Raymond, it was Rs1,482crores and they have done Rs1,420crores. So why I am listing and giving you the figure is that the company has changed its strategy from last two years that how they can grow faster than their competitors. So, we have been opening our branches in various areas, particularly EBOs and MBOs, national chain stores, e-commerce, where we are in all the segment and all the categories, they are experiencing their growth. So, this year, when we can grow 30% definitely I cannot say that it will be growing 30% per annum, but definitely we will be growing double-digit going forward and healthy growth rate at all our channels, all our categories are doing very well and there has been a very good acceptance for our brands by various retailers who even are not working with us, so going forward, we were never that confidence, what we are in this financial year if I compare last four, five years. I hope that this answers your questions.

Keshav Garg: Yes Sir, it does answer. It is very heartening to know. Sir, lastly just one request on behalf of shareholder's the company has a very healthy dividend payout, but instead of dividend if you can do a share buyback, our stock is very cheap, if we take out the cash, then it is in single digit price to earning so if you can do a share buyback instead of dividend, we can reduce the number of outstanding shares and our EPS will grow faster than our profit growth going forward, so please consider that and thank you very much.

Sandeep Jain: Thank you and we definitely appreciate your suggestions and this type of suggestion has already been proposed to the board by various investors also. So, board will take appropriate decisions when it comes to take decisions.

Moderator: Thank you. The next question is from the line of Zaki Nasser an individual investor. Please go ahead.

Zaki Nasser: Good morning. Congrats on a fantastic set of numbers, Sandeep Bhai and the entire team at Monte Carlo. Sir, the cotton prices have been going up a bit haywire, and you mentioned that you have increased your selling price by approximately 18% for the next season. Sir, what do you think this raw material finished product parity will be maintained? That is my question number one. Question two is this year will be a very robust kind of a sales figure, it may be like touching 900 Crores plus minus kind of stuff, so would you confidently say that from next year onwards at least 15% growth on that would be possible? Thank you.

Sandeep Jain: Thank you Zaki Bhai. The first thing you asked is the raw material. See, raw material price has increased and we have taken that increase in our sale price, as you rightly mentioned, 18% to 19% in summer wear and which was accepted well by our consumers and moreover it has grown more than 20%, the trade show booking even though the price was increased almost 19% that shows the brand has the pricing power and the customer can accept that price hike, that also shows the strength of the brand.

Zaki Nasser: Other question, this year will be a very robust kind of a sales figure, it may be like touching Rs.900 Crores plus minus kind of stuff, so would you confidently say that from next year onwards at least 15% growth on that would be possible?**Sandeep Jain**: The heartening thing as of now is that the stocks at the stores have gone down as compared to last financial year and we believe that our closing stocks would be lesser than last year's stock level, so that will definitely help us in giving the good growth number next year also but as every year we give our guidance in the fourth quarter once we have our financial year ended after examining everything regarding the stock, regarding the inventory, regarding our retailer status, so we will be able to give the guidance only in the next financial quarter's conference call and we are confident to achieve it going forward, a good growth level, double-digit growth.

Zaki Nasser: Sandeep Bhai, one more question as Monte Carlo is becoming a more broad based brand, I would like to know the management's strategy on south and west region of the country?

Sandeep Jain: See, I think in the last quarter's financial call, I mentioned that we are opening stores at Mumbai, Bengaluru, Ooty and other areas so we have added, almost five six stores and now we have a plan to add another 10 stores in southern and western regions. So, that shows the company's aggressive policy towards south and west where we would be opening our own EBOs and they are doing well also like the response we got from Kurla, Mumbai,, and then one more is coming up in another mall, then two or three are coming up in Bengaluru and Chennai also. But the response from the EBOs which we opened in southern and western, actually is giving us confidence to be more aggressive in those areas. So, going forward the major strategy for south and west would be opening our own EBOs.

Moderator: Thank you. The next question is from the line of Duwarka Prasad an individual investor. Please go ahead.

Duwarka Prasad: I have two questions; one is the company is having Rs.194 Crores of cash, why do not you do a buyback at the earliest because your share price can go up? Secondly, footnotes do not come in your quarterly results. See, yesterday what happened on Friday, the share price came down to 10%, it triggered your low circuit of the share, so some footnotes should be there in the quarterly results, that should be compared to year-to-year basis, not quarter-to-quarter basis. So unnecessarily the shareholders do not suffer.

Sandeep Jain: I think, you have rightly mentioned that the share price has come down, but I cannot comment on the share prices movement. What I can comment on the company's performance. So, company has performed best among all the listed company when you compare the results of 9 M we have stood out as far as our performance is concerned and if you compare, at pre-COVID figures of all the companies, then you would also come to know the growth which we have achieved over the other competitors. When you talk about the share price we are the lowest value company right now, in apparel listed space. The newer companies which have come up and their market cap, also if you see their P&L I think investors will end up saying one day they have to be present particularly in Monte Carlo, seeing the growth potential, seeing the EPS and seeing the P/E what we are playing at.

Duwarka Prasad: What I mean to say is it happens because of the confusion in the minds of shareholders they just compare quarter-to-quarter and not year-to-year. That is why they show their holding and say that the price to get at the lowest level. My request to you to take this and do some footnote in your quarterly results that it should be compared to year-to-year basis also

Sandeep Jain: As far as buyback is concerned the company has been very generous in giving dividends as we would like to reward our shareholders. So, as far as buyback and dividend is concerned, the proposal has already been submitted to the board, so whenever we have next board meeting, I think the board will take the appropriate decision noting all these points from the investors.

Moderator: Thank you. The next question is from the line of Kritika Jain from Sequent Investments. Please go ahead.

Kritika Jain: How has our sportswear brand Rock it performing currently? My second question is what kind of sustainable EBITDA margins are we targeting for the upcoming year?

Sandeep Jain: See, as far as Rock it is concerned, we are doing it only online. So, it has done a sale of around Rs.3.5 Crores to Rs.4 Crores in this financial year which was approximately around Rs.2 Crores to Rs.2.5 Crores last year and going forward I think we have always mentioned in our previous conference calls also that we will be maintaining our EBITDA margin of 18% to 19% which have been historical margins pre-COVID level. The last year margins were exceptional because of cut down in advertising cost, salaries, travelling so the EBITDA went up by 100 basis points, but the overall EBITDA, which we have been doing in the last many years is 18% to 19% and going forward we would like to maintain that EBITDA or it may improve further also.

Moderator: Thank you. The next question is from the line of Neha Sharma from Pearl Globe Investment. Please go ahead.

Neha Sharma: Sir could you please update, how have we proceeded on the PLI scheme that we had announced during the last quarter?

Sandeep Jain: We have uploaded our application in the government portal and I think the last date is February 15, 2022.Then the government will take the decision. So once it gets approved, we will start the process.

Moderator: Thank you. The next question is from the line of Abhishek R from Share Giant. Please go ahead.

Abhishek R: Do we give the same type of margins to this online platforms as we give it to our distributors and how have you seen the trend in online sales going ahead and how will it impact our in store sales because as I see from the results and the investor presentation like the online sales have grown pretty good, so that is why my question is coming from?

Sandeep Jain: See, the online margins normally little higher than the offline channels because of the transportation cost and also there are some more sales and discounts which is happening in online sales, but overall the margin profile if I see from all the channels, the difference is 100 to 200 basis points when it comes to the net level, which is net realized sales level. So, the growth of online this financial year it is almost 85% to 90% which has yielded Rs.48 Crores as compared to Rs.25.92 Crores last year and the trend is very encouraging because people are preferring to buy online particularly the younger generation. So, this is growing at almost I would say 70% to 75% per annum and I think this trend will continue as more people are accustoming to buy it online.

Abhishek R: Sir, can you give some colour on what say what kind of EBITDA margins you generate from the online channel?

Sandeep Jain: No, we do not make a separate balance sheet for online or EBOs or MBOs. It is a consolidated balance sheet only, but as I have told you the net realized price level is 100 basis points lesser than the offline channels.

Abhishek R: As on December 31, 2021 the company is sitting on Rs.194 Crores of cash and cash equivalent, so do we have any major capex plans going ahead?

Sandeep Jain: The capex already we announced. I think, if you have heard in the last conference call we are going for a PLI scheme for rugs, which we will be setting up in Madhya Pradesh. The application is submitted to the government and when it is approved, we will start the process. The capex involves a total investment of around Rs.350 Crores over five yearswhich is funded by 70:30

debt : equity. So, our investment would be in case 30% of 355 that is 100 Crores in the next five years.

Moderator: Thank you. The next question is from the line of Rahul Mehra from Infinity Capital. Please go ahead.

Rahul Mehra: Sir, I wanted to know what kind of cotton inventory levels we maintain. and how do we factor in the increase in cotton prices? Like is it the hit on our margins or do we take price hikes accordingly.

Sandeep Jain: We do not keep any inventory of any cotton at any point of time. See, our business model is we go for a trade show for summer booking like we went for our trade show in the month of October first week and then once the booking is made, we cover all our raw material and then we start the production. So, we are insulated as far as hike in cotton prices in the mid year is concerned, because whenever we have the trade show conducted, simultaneously within 15 days we cover all of our raw material by taking every hike in the increase in the sales price. So, as in October, there was an increase of around 40% increase in the cotton prices, so they resulted in 18% increase in the sale price of the garments from our end. So, we incorporated that increase and passed on to the consumer, which is well accepted and we got even the booking increased by 20% as compared to the last year, but as far as margins are concerned, we are insulated because every hike is being passed upon the customer fortunately because the pricing power of brand which it has in Monte Carlo.

Moderator: We just lost the line for the current participant. We have Mr. Abhishek R from ShareGiant back. You may please go ahead Sir.

Abhishek R: What is our strategy, on EBO expansion going forward?

Sandeep Jain: I think we are opening 25 to 30 EBOs every year, so next year also we have the same target. It may go up also in the coming financial year, but the complete guidance will be given in the next quarterly conference call.

Abhishek R: Sir my next question is like as you are a very strong brand so, to further make investments in the brand and improve your visibility, are you planning to on-board any brand ambassador as well?

Sandeep Jain: See, we have tried it earlier. I think most of the models which we tried became famous film stars later on. So, as of now we are using only the normal models and I think that is serving the purpose because already awareness is there among the consumers.

Moderator: Thank you. The next question is from the line of Nitin Kapoor an individual investor. Please go ahead.

Nitin Kapoor: Sir, I have been personally using this brand for the last 30- 35 years and it is quite an inspirational brand, but what I feel is that we have not exploited fully the potential of this brand. So, how do you plan to grow this brand in the next few years and any other products you plan to launch under this brand?

Sandeep Jain: First of all thank you for being loyal to the brand from last so many years. You are right that we have not exploited its potential fully and we are also aware of that and I think we are trying our level best in the last two years how to increase our sales, in areas where we are not present and how to increase our areas where we are present. To further increase it to the category which are little weak as for our total portfolio is concerned and definitely we are aware of it and that is resulting in increase in revenues also and if you see in this financial year also the strategy is paying off and we have been growing at such a handsome rate and I think that we are on the right track to exploit the potential going forward also. Let me tell you because if you see the history of Monte Carlo, you would realize that with the passion of time, we had been expanding our activities to a different level, like it started in 1984, in 2002 we entered into cotton side, because once our brand was accepted by the market then in 2006 we came out with the other cotton products, then in 2011 we introduced the other cotton products, now every time, whenever we find an opportunity, we introduce a new product and fortunately the product which we introduced in the market is widely accepted also and that is the reason why we have been able to achieve the growth. We started only with woolen, but now our presence in the market is throughout the year. It is a pan India brand now.

Nitin Kapoor: Sir, I completely agree with you. I just wanted to ask any other products you are planning to launch under this brand, innerwear or something like that?

Sandeep Jain: No, I think we are not putting any focus on innerwear segment right now. It is already very, competitive segment where I think large companies are present in that but we are focusing on the home furnishing segment, which we have seen that the company is adding newer categories likes we have added towel this financial year, bed sheet, we added last financial year and also now we are going for the rugs which is totally export product, so these are all the categories which are being added in the last few years.

Nitin Kapoor: Sir, you just said that you have booked cotton wear you have done the trade shows, you have booked 20% more, 20% more is for volume or what?

Sandeep Jain: Volumes.

Nitin Kapoor: At a price of more than 18% you have booked 20% more volumes.

Sandeep Jain: Yes.

Nitin Kapoor: Is it a fair statement that due to extreme winter this year the inventory in the woolen market would be quite low which should be beneficial for us for the next financial year?

Sandeep Jain: Yes.

Moderator: Thank you. The next question is from the line of Naveen Jain, an individual investor. Please go ahead.

Naveen Jain: Sir, I want to ask one question is there any plans going to innerwear category?

Sandeep Jain: I have already told that we do not have any plans to go for innerwear category as of now.

Moderator: Thank you. The next question is from the line of P.S. Chaudhary from CSF Financial. Please go ahead. We have lost the line for current participant. Ladies and gentlemen that was the last question for today. I would now hand the conference back to the management for their closing comments. Over to you all!

Sandeep Jain: Thank you very much for all the questions you have asked. We are fully confident that going forward the company has a lot of potential to grow in the coming years as well as we are right now in the rugs category to have our growth channels exploited and if you have any queries relating to anything you can always have email to our Dickenson World, our Investor Relation Agency, and at the investor@montecarlocorporate.com website. Thank you very much.

Moderator: Thank you. On behalf of Emkay Global Financial Services that concludes this conference. We thank you for joining us. You may now disconnect lines. Thank you.