



Its the way you make me feel

Q4 & FY17

INVESTOR PRESENTATION

May 2017





It's the way you make me feel

Q4 & FY17 RESULTS UPDATE

DIVIDEND PAYOUT FOR FY17

**BOARD OF DIRECTORS HAVE RECOMMENDED A
DIVIDEND OF RS. 10.0 PER EQUITY SHARE (100%)
WHICH AMOUNTS TO A TOTAL DIVIDEND PAY OUT OF
RS. 217.3 MN**

DIVIDEND PAY OUT IS 51.3% OF THE REPORTED PAT

KEY HIGHLIGHTS – POISED FOR LONG TERM GROWTH

DIFFICULT BUSINESS ENVIRONMENT

- Business environment was challenging during H2 FY17 due to two factors –
 - Existing inventory at retail chain on account of weak winter in FY16
 - 'Demonetisation' event impacted the distributor-retail operations during peak season in Q3 FY17
- Tactical discounting ensured efficient conversion of inventory at retail chain into sales in Q4 FY17
- Normalised inventory levels should lead to improved sales in FY18

IMPROVED WORKING CAPITAL CYCLE

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

HEALTHY CASH FLOW & STRONGER BALANCE SHEET

- Strong EBITDA to free cash flow conversion at 76%, while OCF to EBITDA conversion was 115%
- Strong balance sheet with reduction of overall debt by INR 331mn; current debt equity stands at 0.13x
- Strong balance sheet is reflected through high net cash balance of INR 841 mn (Total debt of Rs 654 Mn & C&CE of Rs 1,495 Mn)

CONSISTENT FOCUS ON SHAREHOLDER RETURN

- The Board of Directors recommended 100% dividend for FY17, translating into Dividend Per Share of Rs 10 and robust Dividend Payout Ratio of 51.3%
- Committed to generate strong shareholder returns with increasing cash flows in future

POSITIVE BUSINESS OUTLOOK

- Focus on new markets and new product offerings
- Strong traction in making further inroads in western and southern markets in India
- Plans to launch new products line like Caps, Socks and Mufflers

MONTE CARLO – DIFFERENTIATED BUSINESS MODEL



PRICING POWER

- Being a premium brand, Monte Carlo enjoys strong pricing power
- No discount sharing with MBOs
- Limited discount sharing with franchisee owned EBO

ORDER TO PRODUCE MODEL

- Majority of revenues come from outright sales
- Sales to MBOs and franchisee owned EBOs (FOFO) are pre-booked and on outright basis
- Inventory is owned only in case of Company owned EBOs (COCO)

MINIMUM GOODS RETURNED

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

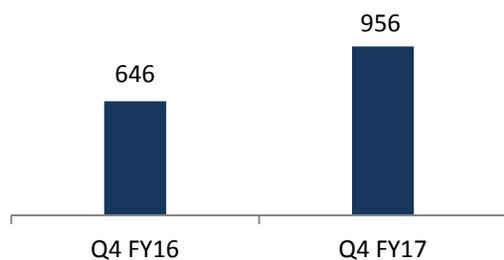
LOW CREDIT RISK

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

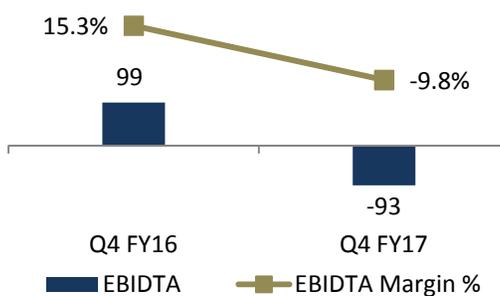
Q4 & FY17 – RESULT HIGHLIGHTS



REVENUES *

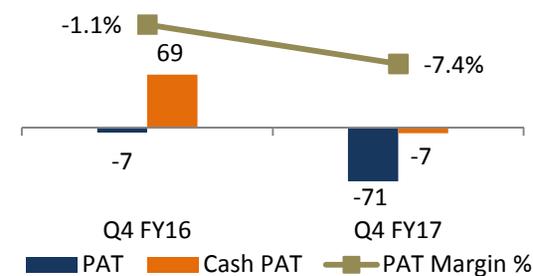


Q4 FY17 YoY ANALYSIS EBIDTA & EBIDTA MARGIN%

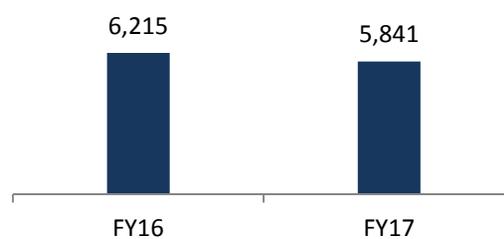


PAT, CASH PAT & PAT MARGIN %

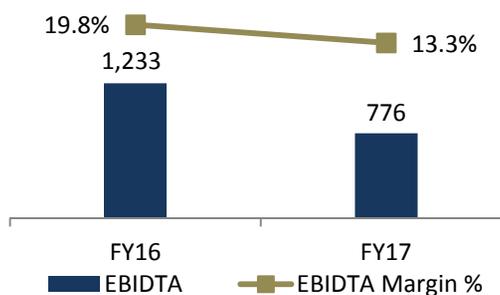
In Rs Mn



REVENUES *

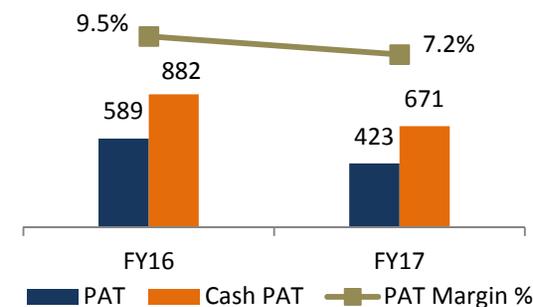


FY17 YoY ANALYSIS



PAT, CASH PAT & PAT MARGIN %

In Rs Mn



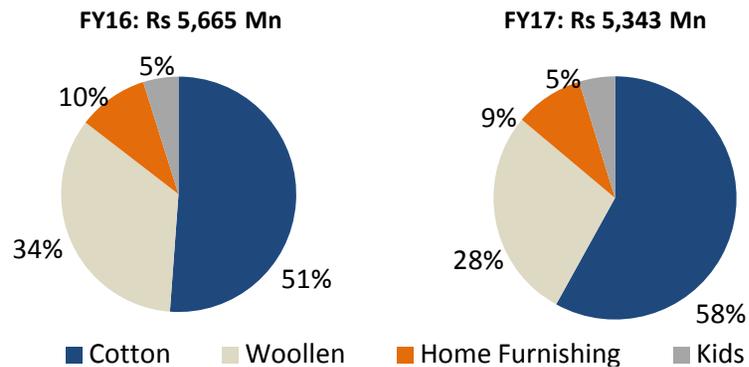
Note – # EBIDTA W/O Other Income

* Revenues includes sale of raw materials (Fabric & Yarn). Fabric & Yarn sales: Q4 FY16 – Rs 8.7 Mn, Q4 FY17 – Rs 100 Mn, FY16 – Rs 426 Mn, FY17 – Rs 498 Mn

FY17 – REVENUE ANALYSIS



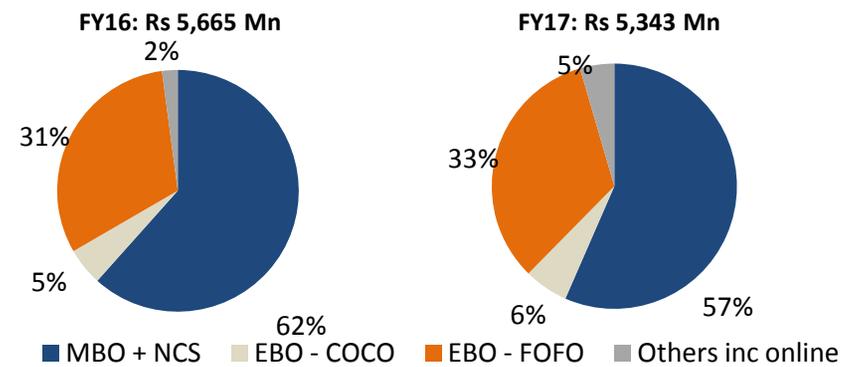
REVENUE * BREAKUP – PRODUCT WISE



FOCUS ON PRODUCT DIVERSIFICATION

- Consistent growth in Cotton products
- Woollen products contributed around one-third of total sales
- Steady growth in newer segments like home furnishing and kids

REVENUE * BREAKUP – CHANNEL WISE



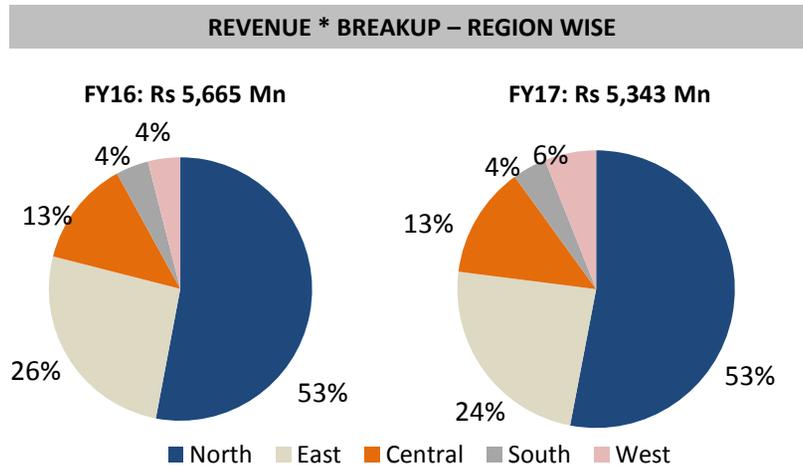
FOCUS ON CHANNEL DIVERSIFICATION

- Lower sales through MBOs due to demonetisation
- Improved traction across NCS, including large format stores like Reliance retail, Shopper stop, Madura, Pantaloons, Metro
- Sales from online portal has more than doubled from previous year

* Revenue from Core Products

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

FY17 – REVENUE ANALYSIS



FOCUS ON REGIONAL DIVERSIFICATION

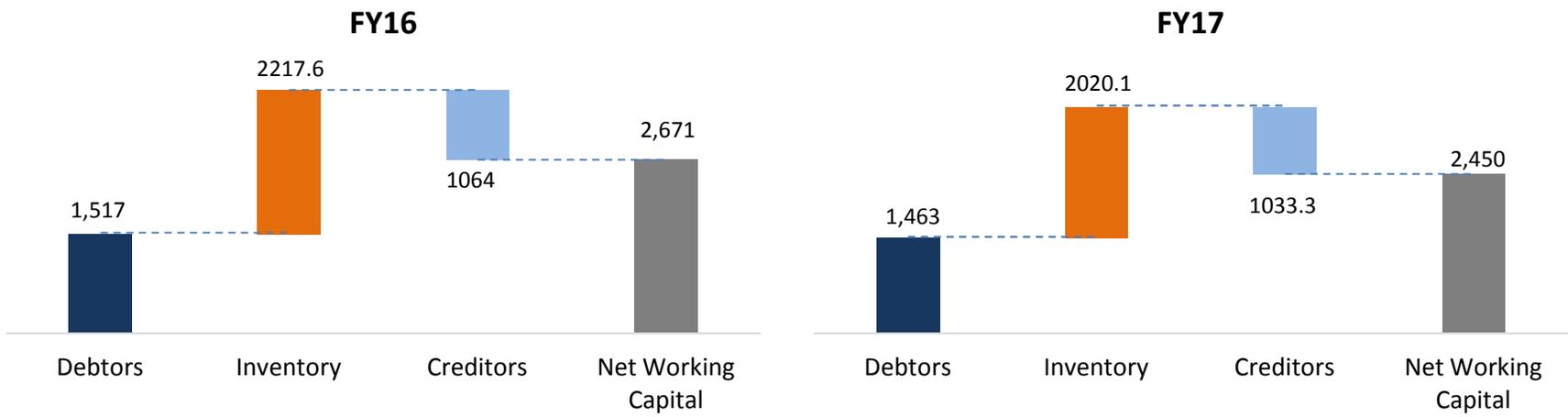
- Strategic focus to build a pan India presence
- Revenue contribution from south and west has increased in FY17

* Revenue from Core Products

FY17 – WORKING CAPITAL ANALYSIS



Release of INR 221 mn of working capital, primarily due to reduction in inventory and debtors

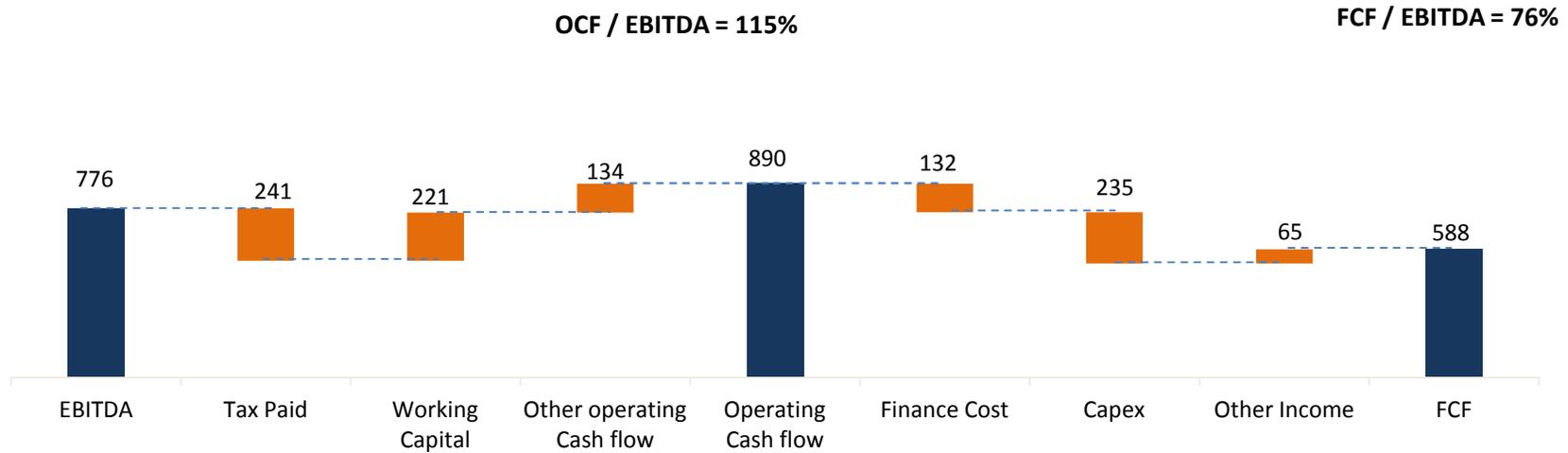


- Debtors has initially increased a bit due to demonetization, however normalized now
- Higher inventory at distributor level has got normalised. This should lead to improved sales and inventory turnover in FY18
- As a results, net working capital improved on YoY basis backed by prudent business initiatives

FY17 – WORKING CAPITAL ANALYSIS



In Rs Mn



FREE CASH FLOW GENERATED DURING THE YEAR IS 6.2% OF CURRENT MARKET CAP ^

^ Market cap as on 30th May 2017

FY17 – STORE NETWORK ANALYSIS



| STORE NETWORK | | |
|---------------|--------|--------|
| Type of Store | FY16 | FY17 |
| EBO – COCO | 21 | 20 |
| EBO – FOFO | 202 | 211 |
| MBO | 2,000+ | 2,300+ |
| NCS | 164 | 198 |

| EBO – NET ADDITIONS | | |
|---------------------|------------|------------|
| | FY16 | FY17 |
| Existing | 214 | 223 |
| New Opened | 24 | 17 |
| Closed | 15 | 9 |
| Total EBOs | 223 | 231 |

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

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

Q4 & FY17 – CONSOLIDATED PROFIT & LOSS



| Particulars (in million) | Q4 FY 17 | Q4 FY 16 | FY17 | FY16 |
|---|---------------|--------------|---------------|----------------|
| Net Sales | 953.7 | 643.6 | 5828.6 | 6,199.9 |
| Other Operating Income | 1.8 | 2.1 | 12.4 | 15.4 |
| Total Income from Operations | 956.0 | 645.7 | 5841.1 | 6,215.3 |
| Cost of Goods Sold | 601.3 | 142.3 | 3281.2 | 3,118.0 |
| Gross Profit | 354.2 | 503.4 | 2559.9 | 3,097.3 |
| Gross Margin | 37.1% | 78.0% | 43.8% | 49.8% |
| Personnel Expenses | 128.2 | 117.4 | 492.3 | 463.8 |
| Advertisement Expenses | 54.0 | 96.5 | 299.2 | 348.5 |
| Other Expenses | 265.4 | 190.7 | 992.2 | 1,051.9 |
| EBITDA | -93.3 | 98.8 | 776.1 | 1,233.2 |
| EBITDA Margin | -9.8% | 15.3% | 13.3% | 19.8% |
| Other Income | 59.3 | 6.4 | 221.0 | 139.1 |
| EBITDA Margin (incl. Other Income) | 9.8% | 16.3% | 16.4% | 21.6% |
| Depreciation | 63.1 | 75.8 | 247.4 | 292.7 |
| Interest Expense | 23.5 | 30.0 | 119.6 | 162.4 |
| CSR Expenditure | 1.9 | 16.2 | 3.0 | 16.2 |
| PBT | -122.5 | -16.8 | 627.2 | 901.0 |
| Taxes | -51.9 | -10.0 | 203.9 | 311.6 |
| PAT | -70.6 | -6.8 | 423.2 | 589.4 |
| PAT Margin | -7.4% | -1.1% | 7.2% | 9.5% |
| EPS | -3.25 | -0.31 | 19.47 | 27.12 |

Note – * Revenues includes sale of raw materials (Fabric & Yarn). Fabric & Yarn sales: Q4 FY16 – Rs 8.7 Mn, Q4 FY17 – Rs 100 Mn, FY16 – RS 425.9 Mn, FY17 – Rs 498 Mn

FY17 – CONSOLIDATED BALANCE SHEET



| Particulars (Rs Million) | FY17 | FY16 | Particulars (Rs Million) | FY17 | FY16 |
|---|----------------|----------------|---------------------------------|----------------|----------------|
| Equities & Liabilities | | | Assets | | |
| Shareholder's Funds | | | Non-Current Assets | | |
| Share Capital | 217.3 | 217.3 | Fixed Assets | 1,655.7 | 1,639.4 |
| Reserves & Surplus | 4,667.7 | 4,243.3 | Non-Current Investments | 215.0 | 200.0 |
| Total Shareholder's Funds | 4,885.1 | 4,460.6 | Deferred Tax Assets (net) | 49.3 | 32.2 |
| Non-Current Liabilities | | | Long-term Loans & Advances | 69.8 | 52.7 |
| Long-term Borrowings | 153.8 | 292.9 | Other non-current assets | 165.1 | 250.1 |
| Deferred Tax Liabilities (net) | - | - | Total non-current assets | 2,155.0 | 2,174.3 |
| Other Long-term Liabilities | 143.2 | 127.8 | Current Assets | | |
| Total of Non-current liabilities | 297.1 | 420.7 | Current Investments | 855.0 | 299.6 |
| Current Liabilities | | | Inventories | 2,020.1 | 2,217.6 |
| Short-term Borrowings | 343.8 | 297.5 | Trade Receivables | 1,463.1 | 1,517.2 |
| Trade Payables | 1,033.3 | 1,064.0 | Cash & Bank Balance | 259.7 | 708.2 |
| Other Current Liabilities | 367.4 | 578.1 | Short-term Loans & Advances | 182.1 | 176.0 |
| Short-term Provisions | 35.8 | 290.2 | Other Current Assets | 27.3 | 18.2 |
| Total of Current liabilities | 1,780.3 | 2,229.8 | Total Current Assets | 4,807.4 | 4,936.7 |
| Total Liabilities | 6,962.4 | 7,111.0 | Total Assets | 6,962.4 | 7,111.0 |

FUTURE GROWTH STRATEGY



FOCUS ON BRAND & PRODUCT PORTFOLIO EXPANSION

- Focus on branding and promotion to further increase our visibility and market share across India
- Focus on a comprehensive range of cotton and cotton-blended products which cater to all seasons in-order to expand our all-season product range and strengthen our pan-India operations.

FOCUS ON RETAIL NETWORK EXPANSION

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

FOCUS ON RETURN RATIOS EXPANSION

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



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COMPANY OVERVIEW

COMPANY OVERVIEW

BRIEF PROFILE



RECOGNISED BRAND & DIVERSE PRODUCT PORTFOLIO

- Launched in 1984, '**Monte Carlo**' has emerged as one of the leading brands in apparel industry in India
- 'Monte Carlo' is recognized as '**Superbrand**' for woollen knitted apparels by Consumer Superbrands India since 2004
- Under the umbrella brand of 'Monte Carlo', Company has a comprehensive product portfolio across woollen, cotton & cotton blended, home furnishing and kids segments
- The Company has various sub-brands under the Umbrella Brand 'Monte Carlo'
 - 'Platine' - premium range for menswear
 - 'Denim' - exclusive range for denim apparels
 - 'Alpha' - exclusive range for womenswear
 - 'Tweens' - exclusive range for kidswear
 - 'Cloak and Decker' - economy range for menswear

WIDE-SPREAD REACH & PRESENCE

- Wide-spread retail presence across India through a judicious mix of EBOs, MBOs and national chain stores located in 19 states & 1 union territory
- As on March 2017, the Company had 231 EBOs (20 EBO – COCO, 211 EBO – FOFO), 2300+ MBOs and 198 NCS
- E-commerce presence through own portal www.montecarlo.in as well as tie-ups with Digital platforms such as Flipkart, Snapdeal, Jabong etc.

KEY FINANCIALS

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

COMPANY OVERVIEW

DIVERSIFIED PRODUCT PORTFOLIO



RANGES LAUNCHED UNDER THE BRAND – “MONTE CARLO”



| Range | Woollens & Woollen-blended | Cottons & Cotton-blended | Home Furnishing | Kids |
|---|--|--|--------------------------------------|---|
| Monte Carlo – Premium and mid-premium segments for men | Sweaters, jackets, thermals, woolen accessories (caps, mufflers, shawls, stoles) | Shirts, trousers, t-shirts, track-suits and jackets | Mink blankets, bed sheets and quilts | |
| Platine – Premium range for Men | Cashmere and cash-wool sweaters, blazers, coats | Cotton shirts, trousers and t-shirts | | |
| Denim – Mid-premium Range | | Denim trousers (jeans) and shirts | | |
| Alpha – Exclusive range for Women | Sweaters, cardigans | Shirts, t-shirts, tops, trousers, jackets and sweat-shirts | | Sweat-shirts |
| Tweens – Exclusive Kids wear Collection for 7-13 years age group | | | | Sweaters, Cardigans, Shirts, t-shirts and Bottoms |
| Cloak & Decker – Economy range for men | | Cotton and cotton-blended t-shirts | | |

COMPANY OVERVIEW

STRONG DESIGN & MANUFACTURING CAPABILITIES



IN-HOUSE DESIGN & PRODUCT DEVELOPMENT:

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

MANUFACTURING CAPABILITIES:

- Three manufacturing facilities in Ludhiana, Punjab -
 - One for woollen apparels
 - Two for cotton apparels
 - The manufacturing facilities include facilities for product development, design studio and sampling infrastructure
- In-house manufacturing of woollen knitted apparels
- Outsourced manufacturing of cotton and cotton-blended apparels
- Recently started in-house manufacturing of cotton t-shirts and thermals

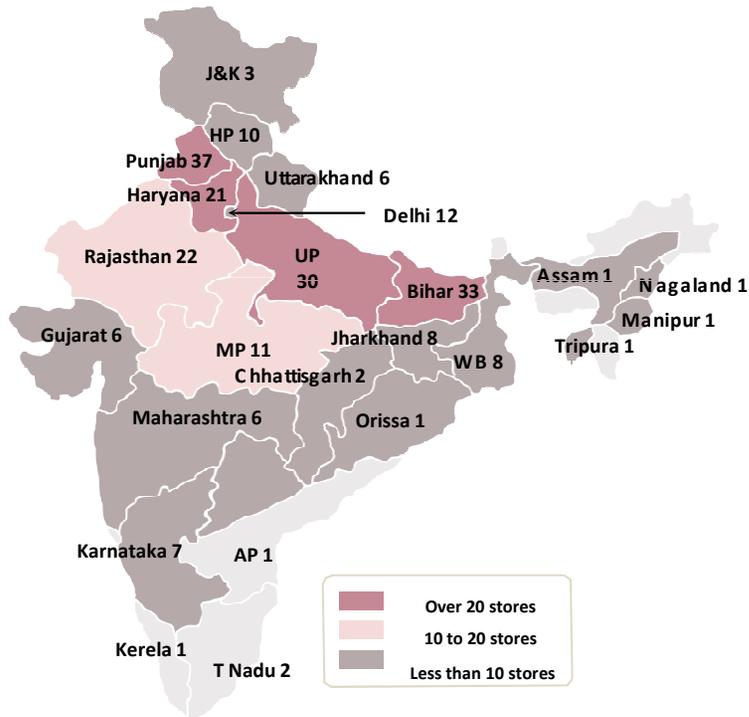


COMPANY OVERVIEW

OUR RETAIL PRESENCE



PAN INDIA PRESENCE ACROSS 26 STATES & 1 UNION TERRITORY



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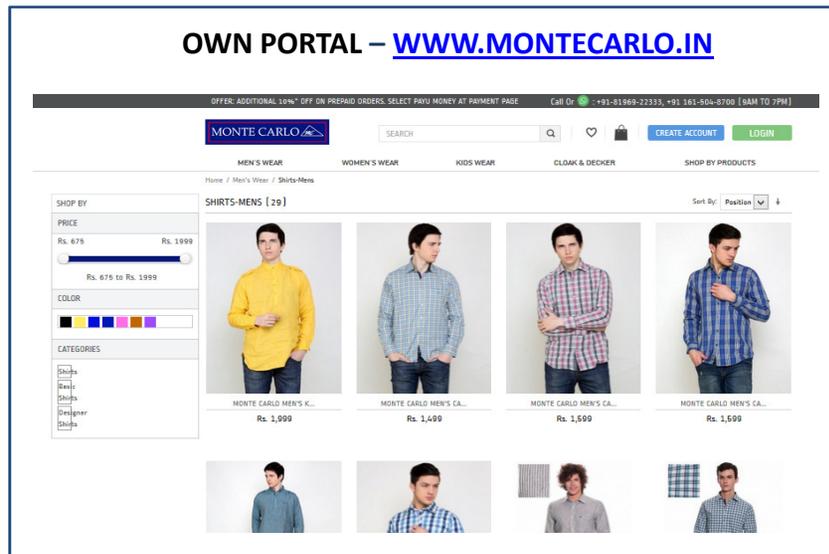
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COMPANY OVERVIEW

OUR E-COMMERCE PRESENCE

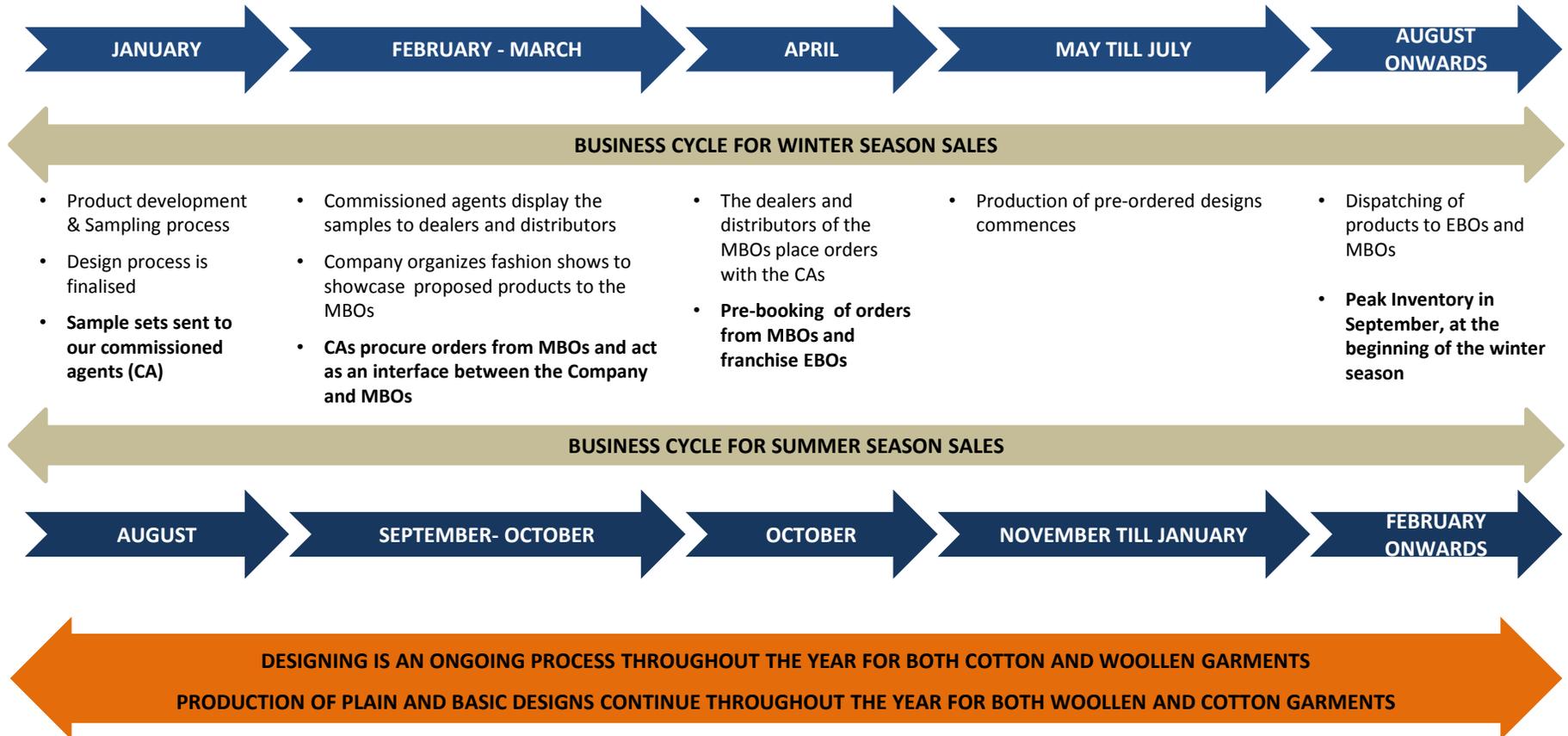


- Building our presence on e-commerce platform through our own portal www.montecarlo.in
- Have Entered into distribution agreements with some of the leading Indian digital commerce platforms for online sale of our products



COMPANY OVERVIEW

UNDERSTANDING OUR BUSINESS MODEL



COMPANY OVERVIEW

ROBUST DISTRIBUTION MODEL



| | MBO | NCS | EBO-COCO | EBO –FOFO |
|----------------------------------|--|--|-------------------------------|--|
| Total Number of Outlets | 2,300+ | 198 | 20 | 211 |
| % of Revenue Contribution – FY17 | 57% (NCS Contribute less than 10%) | | 39% | |
| Distribution Sale Model | Pre-Booking of orders Outright Sales | SOR – Sale or Return / Outright Sales | Inventory owned by Company | Pre-Booking of orders Outright sale |
| Inventory Risk | No | Yes | Yes | Minimal 5% - 15 % of Products Return Allowed |
| Discount Sharing | No | Yes | Yes | Yes Range of 5% - 17.5% |
| Payment Collection – Credit Risk | Exclusive commissioned agents are liable to pay | Reputed retail chains | - | Bank guarantee's and PDC taken from franchise |

**ROBUST DISTRIBUTION MODEL ASSURES MINIMAL INVENTORY RISK AND CREDIT RISK
TILL DATE, THERE HAS BEEN NO BAD DEBTS OR RECEIVABLES WRITE OFF FOR THE COMPANY**

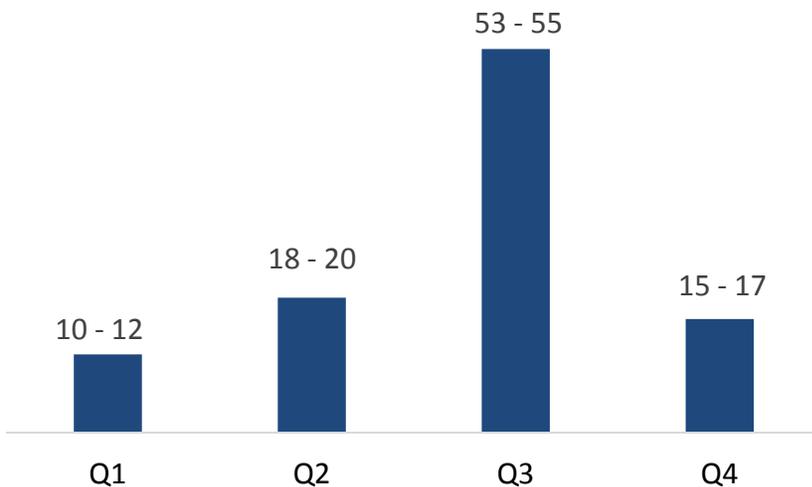
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COMPANY OVERVIEW

UNDERSTANDING SEASONALITY



SEASONALITY IMPACT ON REVENUES (In % terms)



BUSINESS SEASONALITY:

- Q3 generates highest quarterly revenues in any fiscal year
- Q3 typically involves sale of winter products –
 - Woollens / woollen blended - sweaters, jackets, cardigans
 - Cotton / cotton blended - cotton jackets, suits, sweat shirts, full sleeve t-shirts and shirts
- Winter products are sold during October to January.
- Winter products are higher in value in terms of both revenues and cost
- The Company is expanding presence in western and southern markets as well as expanding its product offerings in home furnishing and kids segments in order to reduce the overall seasonality impact

COMPANY OVERVIEW

SHAREHOLDING STRUCTURE



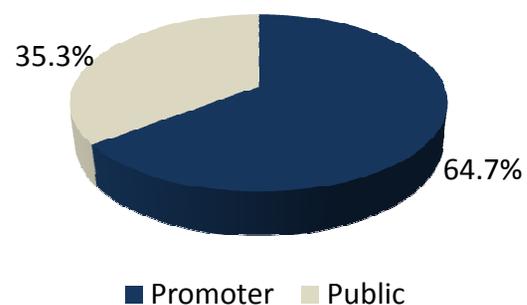
| Market Data | As on 30.05.2017 (BSE) |
|--------------------------------|------------------------|
| Market Capitalization (Rs Mn) | 9,550 |
| No. of shares outstanding (Mn) | 21.7 |
| Face Value (Rs.) | 10.0 |
| 52 week High-Low (Rs.) | 510 - 369 |

Source – BSE

| Key Institutional Investors | % Holding |
|---|-----------|
| Kanchi Investments Ltd (Samara Capital) | 10.94 |
| Birla Sun Life Trustee Co. | 3.72 |
| Goldman Sachs India | 3.64 |
| ICICI Prudential Life Insurance | 1.86 |
| Aditya Birla Pvt Equity Trust | 1.57 |

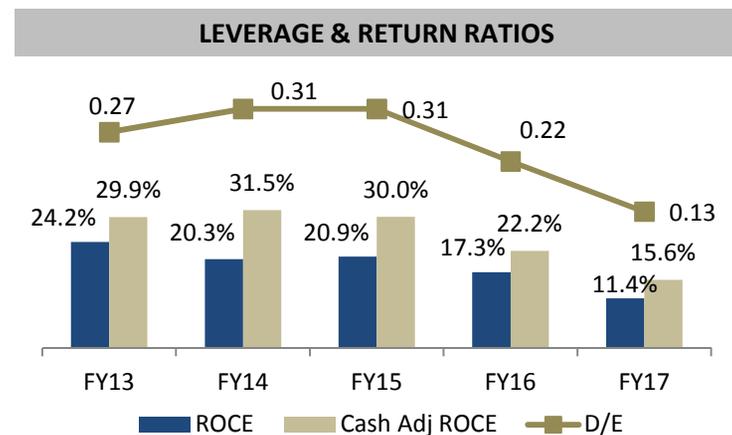
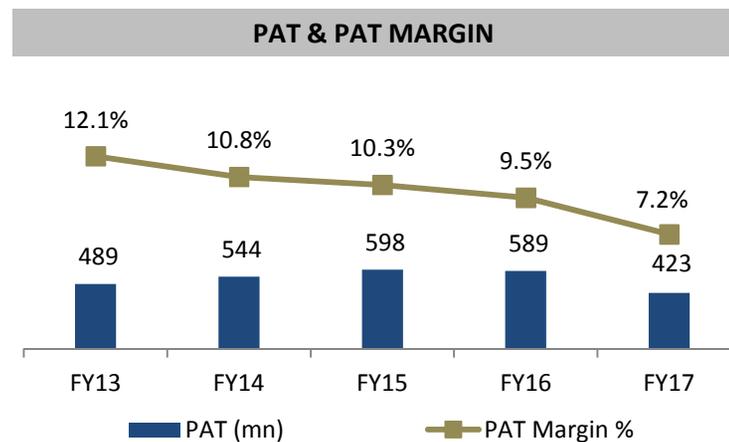
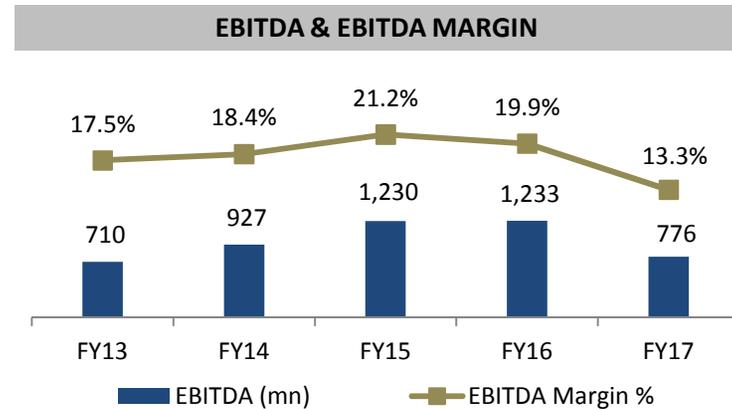
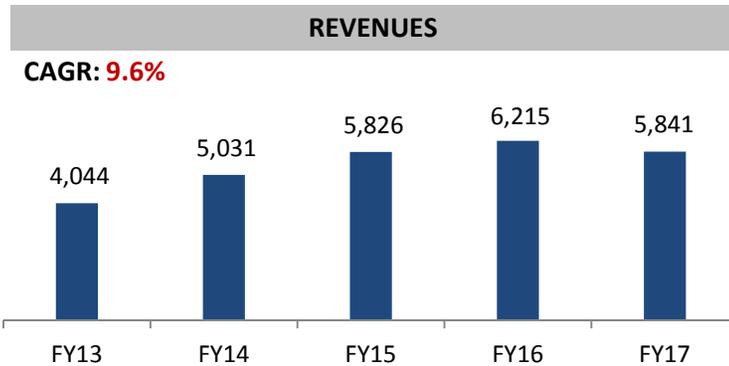
Source – Company / BSE as on 31st March 2017

Mar-17 Shareholding



COMPANY OVERVIEW

FINANCIAL HIGHLIGHTS



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

FOR FURTHER QUERIES



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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.