



“Monte Carlo Fashions Limited  
Q3 FY '26 Earnings Conference Call”

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**MODERATOR:** **MR. SUNNY BHADRA – EMKAY GLOBAL FINANCIAL  
SERVICES LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Monte Carlo Fashions Limited Earnings Conference Call hosted by Emkay Global Financial Services Limited. 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 star then zero on a touch-tone phone. I now hand the conference over to Mr. Sunny Bhadra from Emkay Global Financial Services Limited. Thank you, and over to you, sir.

**Sunny Bhadra:** Thank you, Iqra. Good morning, everyone. I would like to welcome the management and thank them for this opportunity. We have with us today Mr. Rishabh Oswal, Executive Director; Mr. Sandeep Jain, Executive Director; Mr. R.K. Sharma, Chief Financial Officer; and Mr. Ankur Gauba, Company Secretary. I shall now hand over the call to the management for the opening remarks. Over to you, gentlemen.

**Sandeep Jain:** A very good morning to everyone, and thank you all for joining us for today's earnings call to discuss the performance for third quarter and 9 months ended of financial year '26. Let me start by sharing the financial highlights. For the third quarter under review, the company reported revenue of INR 608 crores, reflecting a year-on-year growth of 11% and EBITDA for the quarter stood at INR 166 crores with EBITDA margin at 27.24%, marking a 7% year on expansion and net profit increased by 11% to INR 107 crores.

Now coming to the financial performance for the first 9 months. The revenue from operations stood at INR 996 crores, which has increased by 11%. EBITDA was INR 201 crores, witnessing a growth of 11%, and EBITDA margin reported at 20.23%. The company has reported a profit after tax of INR 107 crores, which has increased 17% year-on-year.

Turning to the operational performance for period, we saw a strong rebound in the sales across most categories. Our brand Rock.it and Cloak & Decker brands delivered yet another quarter of consistent performance. The Home Textile segment also maintained its robust growth trajectory, supported by healthy demand across all categories.

Further, footwear sales rushed to more than twice the level of 9 months ended financial year '25 and the growth momentum is expected to continue in the coming quarters. Online sales continued to show strong momentum through our own website and external portals, reflecting the growing customer preferences for our digital channels.

We remain strongly focused on expanding our retail footprint and are firmly committed to open 40 to 45 EBOs across India with a strategic emphasis on the Western and Southern region. During the quarter, our retail presence was further strengthened with addition of 5 new EBOs under Cloak & Decker, taking the total count to 22 stores. Plans are underway to reach 25 to 30 EBOs of Cloak & Decker by the year-end.

To enhance customer convenience and reach, we have partnered with quick commerce platforms such as BlinkIt, Swiggy, Zepto to enable express deliveries within 30 minutes. Additionally, our

strategic collaboration with Salesforce is helping us streamlining operations, elevate customer experience and build long-term brand loyalty through our digital transformation.

Further, we have expanded into overseas e-commerce platforms for direct and indirect export through zoom.com and styleshop.com, broadening its global presence. As per earlier growth guidance of 10% to 15%, we are hopeful of ending the year at the higher end of the guidance and remain optimistic about achieving multiyear growth going forward. With this, now we open the floor for question-and-answer session. Thank you.

- Moderator:** The first question is from the line of Diwakar Rana from Prudent Equity.
- Diwakar Rana:** My first question is how much expense have you booked in the view of this labour law change?
- Sandeep Jain:** How much expense we have booked in?
- Diwakar Rana:** In the view of this labour law change?
- Sandeep Jain:** Labour law change.
- Management:** INR 30 lakhs only towards gratuity.
- Sandeep Jain:** It's around INR 30 lakhs towards gratuity.
- Diwakar Rana:** Okay, okay. Only INR 30 lakhs. So the employee benefit has increased by over INR 7 crores.
- Sandeep Jain:** Pardon? It's not because of labour cost. Additional expense -- labour cost expense was only INR 30 lakhs, and that is only because of gratuity. Nothing else.
- Diwakar Rana:** Okay. Okay. And the remaining part, around INR 6 crores?
- Sandeep Jain:** That is employee benefit, additional increments and all. Not because of labour. This is an annual increase as far as salaries and wages are concerned. But the extra expense, which we have to book was only INR 30 lakhs.
- Diwakar Rana:** Okay, okay. And also, can you throw some light on the increase in other expense. Is there any one-off there?
- Sandeep Jain:** They are normal expense. As far as percentage is concerned, if you compare it, it is almost normal. So there is no additional item in this.
- Management:** In terms of percentage, it is similar.
- Sandeep Jain:** Percentage-wise, it is similar, if you see.
- Moderator:** The next question is from the line of Jigar Nathwani, an Individual Investor.
- Jigar Nathwani:** My question number one is your inventory has grown faster than sales recently and ROE is around 20% -- 10%, sorry, ROE, return on equity is 10%. So what concrete steps are you taking

to reduce inventory days and improve the return on equity over next 12 to 18 months? And is there any medium-term ROE target the Board is working towards?

**Sandeep Jain:** See, inventory has increased only because sales have increased. And also we are looking forward for a very strong quarter coming forward. That is why also the inventory has gone up. And as we've guided, we'll be ending at the top end of our guidance, that is around 15%. So that is why there has been a little increase in the inventory.

And as far as ROE is concerned, I think if you have to see the cash adjusted equity, so that is much higher because we have around INR 300 crores of cash, which is lying with us and cash adjusted ROE is around 15%.

**Jigar Nathwani:** Okay. And sir, my second question is for the 35-megawatt PM KUSUM Solar project. Can you share expected capex, tariff structure, funding mix and the annual PAT contribution we should expect once operational?

**Sandeep Jain:** I would ask Rishabh-ji to answer on this.

**Rishabh Oswal:** Yes. So I think the total tender is for around 49 megawatts. We can take an average costing of around INR 3 crores to INR 3.2 crores per megawatt. And looking at the recent increase in prices of the metals like silver and copper, it has impacted the cost of 1 megawatt by around INR 15 lakhs to INR 20 lakhs per se. And -- but otherwise, what was the second part of your question?

**Jigar Nathwani:** Annual PAT contribution we should expect once the plant is operational.

**Rishabh Oswal:** We will share the exact numbers with you. We don't have them.

**Sandeep Jain:** But approximate the project IRR is around 18%.

**Rishabh Oswal:** 18% IRR.

**Sandeep Jain:** IRR is 18%. So exact PAT number is yet to be quantified, but we are anticipating an IRR of 18% as per the latest cost data we have available with us. Because already the PPA, we will be signing in a few months, maybe by next month, we can sign it. So that price and the cost, which is running right now gives us around 18% of IRR. And as far as the funding mix is concerned, it will be around 70-30, 70% will be debt and 30% will be equity -- equity and cost equity.

**Moderator:** The next question is from the line of Madhur Rathi from Counter Cyclical Investments.

**Madhur Rathi:** Sir, I wanted to understand why are we getting into solar EPC when we are already an apparel manufacturer. Sir, this is very -- sir, no business segment, sir, it's nothing similar. So I'm trying to understand the rationale behind it. And sir, the sub-question would be you said that the cost of per megawatt was INR 3 crores to INR 3.25 crores, and that has increased by INR 15 lakh to INR 20 lakh per megawatt. Sir, is the -- so the 18% IRR that we have mentioned, is it on a -- is it on the higher end because of these rising commodity prices?

**Rishabh Oswal:** Yes. So 18% IRR we've calculated is after the increase in prices. So 18% is the minimum IRR that we can expect. And I just want to clarify, we are not getting into EPC of solar. We are just

investing the amount in a solar project in a PPA. We are not getting involved in the EPC procurement construction part of the process. This is a purely financial investment decision taken on company's behalf.

**Sandeep Jain:** See, we have seen that our return on investment is basically around 9% to 10%. So with this, it will go to 18% in this case. So it's more of a financial decision than of going into EPC or anything.

**Rishabh Oswal:** It's not a business decision. We're not getting into the business of EPC of solar...

**Sandeep Jain:** And it's a separate subsidiary also. It's not in the same company.

**Madhur Rathi:** Got it. And sir, what is -- at what rate are we signing the PPA at?

**Rishabh Oswal:** Average rate is 2.79.

**Madhur Rathi:** Got it. And sir, I wanted to understand, sir, even with such a strong winter season this year, sir, our sales have only grown by 10%. So why is that, sir, are we losing market share? Because the winter has been very strong in North India and where we have a very strong presence. So I'm just trying to understand why are we not able to grow faster than the 10% to 12% in Q3, especially in Q3?

**Sandeep Jain:** It's not about the faster growth or slower growth. We have given the guidance of 10% to 15%. Accordingly, we have manufactured the merchandise, seeing that this much we can sell. And we are already -- we have said that we will be going ahead in the top end of this guidance, maybe around 15%, we will end this year. So that is as per the guidance and as per the production we have done for this winter also.

And the sell-through has been better as compared to last winter. And we are very hopeful of going into next year with more focus on the -- like revenues. So we're forecasting approximately 15% to 20% growth for the next financial year also because we are lying at a very low end of inventory cycle at our warehouses and also at our retail stores and our channel partners. Hope I answered your question.

**Moderator:** The next question is from the line of Kapil Jagasia from Carnelian Asset Management.

**Kapil Jagasia:** Sir, my question is regarding the price hikes, which you had indicated that you have taken during this year. So despite that, I can see the difference between volume and value growth, the value growth being much lesser than the volume growth across all product segments. So can you indicate like why is this? Is this impact of EOSS or interior product mix? Can you highlight on this?

**Sandeep Jain:** There has been impact of EOSS, but that is already taken into the price. So there is no impact on the margins as far as margins are concerned. But yes, EOSS is increasing every year, and that is why we have to increase our price also. So that is why the margins are not impacted, but there has been a certain reduction in the value and the volume mix is more.

- Kapil Jagasia:** Okay. So the gap between the volume and value growth will continue in the next year also? Like how is your sense on this being on the EOSS increase in EOSS.
- Sandeep Jain:** I think more or less, it will remain stable at this level.
- Kapil Jagasia:** Okay. And sir, how is your booking for the next quarter, Q4, like the winter product is selling well or the summer has picked up. Like can you give some sense on it?
- Sandeep Jain:** See, as I already mentioned, we had a very strong trade show in summer, which dispatches will start in this month and already we have started. So we are seeing a very fourth strong -- very strong quarter, the fourth quarter, which is coming now as compared to last fourth quarter of last financial year.
- And because the retail inventory is very low at our channel partners also and at our warehouse also, the sales will have been much better. So we anticipate going forward, we might grow at 15% to 20% for next financial year. And we see a strong trade flow coming in winter for -- that would be starting in 21st March of this financial year.
- Kapil Jagasia:** But context to this, you have indicated that there has been more participation in the EOSS. So this year's EOSS participation was earlier for us or how? Can you give some sense in that also?
- Sandeep Jain:** It was same as last year. There was no change. It's almost same.
- Moderator:** The next question is from the line of Amar Ahir from Raedan Capital.
- Amar Ahir:** Sir, I wanted to ask you that what are the total number of stores or distribution channels that we added right now? And how many of them will come in Q4? And FY'27? And also what is the share of like India and the international sales?
- Sandeep Jain:** Just wait for a moment. It's there in the presentation. So total store we have is 490 as of now. And we expect another 4 to 5 showrooms, I think we will open in next 2 months, February and March. It may be more also. I need to check it again. And the international presence is very, very less. I think mostly we are 99% we are a domestic market only. We have just started online sales in Dubai and some other areas. So -- but mostly 99% business comes from the domestic market only.
- Amar Ahir:** Okay. So 4 to 5 stores in the next 2 months and for FY '27?
- Sandeep Jain:** Again, we are maintaining the same guidance of 40 to 45 stores.
- Amar Ahir:** 40 to 45 stores for the full year FY '27, right?
- Sandeep Jain:** Yes.
- Amar Ahir:** Okay. And any margin or revenue guidance for FY '27, sir?

- Sandeep Jain:** I've already indicated that we would like to grow around 15% to 20% over this year's base. This year, we'll be ending at 15%. So on this base, we are anticipating a growth of 15% to 20% for next financial year.
- Amar Ahir:** Okay. Okay, sir. And do you -- can you help me with the retail and e-commerce mix of your sales?
- Sandeep Jain:** E-commerce is around 12% in 9 months. Retail contributes almost 40% of this 9-month period.
- Amar Ahir:** E-com is 12% and retail is 40%, right?
- Sandeep Jain:** E-commerce is 12% of the total business, e-commerce. And 40% contribution by retail stores.
- Moderator:** The next question is from the line of Subrata from Mount Intra.
- Subrata:** Yes. Sir, 3, 4 things to understand. One is like whatever you are saying like because there is a low -- despite a very strong winter, because we have like our production was planned accordingly, and that's why we have registered a 10% growth. So in this situation, what kind of difference, at least you can give some idea like what is the difference between primary and secondary sales of our products, which has reduced our inventory. This is number one.
- Second, when you are projecting that we will grow in next -- like throughout the year at a 15% rate, that means we are supposed to do a very strong Q4. And number two, generally, what happened during the weak season, like there are a lot of inventory return and that depressed our margin to only 3%, for example, in last year. So are we expecting significant higher margin in Q4? So these are the 2 main aspects first, and then I will have some follow-up questions.
- Sandeep Jain:** As I've understood your question clearly, see, this year, as I already reiterated that whatever we have planned, we normally plan 6 to 8 months in advance. So that inventory was planned and the growth was anticipated was 10% to 15%. But we are still hopeful of ending at 15% once we have the final year -- once we have the fourth quarter ended in this financial year.
- And as far as quarter 4 margins are concerned, we anticipate that our quarter 4 should be better as compared to our last quarter 4 of last financial year. And volume growth and value growth both would be there because we have a very -- we had a very strong retail trade show for summers.
- So that dispatches are happening in Jan, Feb and March. So we see that we end this year at 15% as compared to last financial year as far as overall growth is concerned. Now the reason why I'm saying 15% to 20% growth for next financial year is very, very simple is that because our sell-through at retail level is more as compared to last year's sell-through.
- So that gives us the confidence that we would be having a lower inventory at our channel partners also, at our retail partners also. So that is giving us the confidence that in forthcoming trade show, which is going to happen at -- in around last week of March, we should have more orders, and we anticipate a growth of 15% to 20% going forward next financial year.

**Subrata:** Sir, one clarification, sir. Like this -- just only on the margin side to understand a little bit more, like December quarter, we do 28% margin, for example, sir, both FY '24 and FY '25 as well as this year, 27%, 28%. Whereas when we go to March quarter, every year, we do a negative operating margin or a very slim 2%, 3% margin.

So what I'm trying to understand is the primary reason for this is like whenever there is an inventory return from the store level, that depress our margin or we have to sell at a much discounted price to clear the inventory. If we anticipate that this year, there is a very low inventory, then we will not come out with a discount sale.

So can you give some idea of how strong that margin can be vis-a-vis negative or a 3% margin. Let's say, we have done operating profit of -- in March '24, our operating profit was minus INR10 crores. In March '25, our operating profit was only INR 6 crores vis-a-vis like in March '26, what kind of operating margin, absolute number or in terms of percentage, some guidance.

Because even if we grow throughout the year at 25% -- 15%, then we need to clock anywhere INR 270 crores to INR 280 crores of sales, which is almost 30% above the March 20 March '25, plus the margin upside should come. So any idea, sir, at least some clarity?

**Sandeep Jain:** I think partly you answered my question. So yes, definitely, the sales figure which you are referring is we should need to have that kind of sales figure to achieve 15% growth at the year-end. And secondly, we have rightly mentioned, so as the sell-through is more, so there will be less returns as compared to last financial year, that will add into profitability.

And also that will add into our margins also. So I'm hopeful that as compared to last financial year, fourth quarter, this quarter, we should have better margin, better revenues and overall growth would be around 15% of this financial year as compared to last financial year.

And as far as EBITDA is concerned, you were talking about the operating margin. Last year, we ended at around 19%. So we indicated in second and third con-call also that we should be around 100 to 200 basis points plus as compared to last year's margins and already growth I indicated. I think I have answered all the 3 questions.

**Subrata:** Okay. Sir, last, a small clarity. Generally, sir, what kind of margin depression we anticipate in Q4 because of inventory return?

**Sandeep Jain:** See, I can't say as of now, but I'm giving you full year idea.

**Subrata:** I am not talking about future. Sir, I'm not talking about futuristic. Only I'm talking about last 1 or 2 years, your experience, what kind of margin compression you experienced in Q4 because of inventory return? That's first. And what kind of margin compression?

**Management:** We have not quantified it, sir, as of now, if you want, we can quantify it and send it to you, but the general logic is this.

**Sandeep Jain:** The margin compression is because of returns, which we get.

- Subrata:** Yes, I know it, sir. I'm talking about only from a historical perspective, what kind of margin compression we experienced used to in Q4 because of inventory return?
- Rishabh Oswal:** Sir, we will quantify it and send it to you over e-mail. We don't have that number with us right now.
- Sandeep Jain:** And for basic understanding, please refer to our overall guidance, which is 15% and better margin as compared to last year, 100 to 100 basis points plus for full year. Please refer to us as a company for a full year basis because we don't have a debt of quarterly guidance and quarterly margins.
- Subrata:** Okay. So last year, we have done 17% overall. This year, we expect it to be 18% plus overall throughout the year?
- Sandeep Jain:** 17% was without other income. And with other income, it was 19%. So we expect minimum of 100 to 150 basis points plus as compared to last financial year. And the revenue growth, again, I would say that upper end of our guidance, which is around 15%.
- Moderator:** The next question is from the line of Madhur Rathi from Counter Cyclical Investment.
- Madhur Rathi:** Sir, what will be the cost of debt for the solar EPC project that we are -- that we will be making investments in?
- Rishabh Oswal:** It will be at a very competitive rate, around 7%.
- Sandeep Jain:** 7.5%.
- Madhur Rathi:** Got it. And sir, we are expecting a 30% revenue growth for Q4 on a Y-o-Y basis for us to achieve the 15% revenue growth for the whole year. Sir, can you help us understand why? Because our strongest quarter has been the Q3 and the winter season. So what is changing in the business that we are expecting such a strong growth for Q4?
- Sandeep Jain:** See, we have indicated in the last financial call also that our summer business is now growing faster than the winter wear business. And that is why the contribution from summer wear altogether has reached to almost 46% as compared to 54% of winter. And every year, this dynamic is changing.
- So that is why we expect a more stronger quarter going forward, particularly this quarter, which is we are basically fourth quarter. So we see that there has to be a very good growth, then only we can reach 15%. As already indicated that we had a very strong trade show for summer. So summer growth number -- summer is growing faster than the winter wear segment.
- Madhur Rathi:** Got it. Sir, what was the inventory level as of Q3 FY '25 then?
- Sandeep Jain:** It is -- we can't say right now because once we have the returns with us, which we see that it should be lesser than last year, then only we can see the inventory level of fourth quarter. But if you want inventory of third quarter, that I can let you know the total inventory of the company.

- Madhur Rathi:** Got it. Sir, what was the sales return for...
- Sandeep Jain:** The total inventory as of now is 529 as against 503.
- Madhur Rathi:** Okay, got it. And sir, what was the sales return for last year?
- Sandeep Jain:** Just hold for a moment. I can let you know in percentage terms. 13%. It was 13%.
- Madhur Rathi:** 13% for the whole year or only for the Q4?
- Sandeep Jain:** 9 months. It was 13%.
- Madhur Rathi:** Okay. And sir, what was the figure for this year?
- Sandeep Jain:** This year, it is 17% as of now.
- Management:** But we make adequate provision for each quarter for the expected returns as well as expected discounts.
- Sandeep Jain:** We have made more provision, but we anticipate less returns in fourth quarter. So provision only we make as per the last year's basis. So our auditors have advised us to make this provision, but we anticipate lesser returns. So you might see a surprise in fourth quarter.
- Moderator:** The next question is from the line of Manan Shah from Moneybee.
- Manan Shah:** Just want to clarify one understanding. So basically, what you're saying is for the fourth quarter, as the returns will be lower, hence, your contribution to absolute margins will be higher and your absorption of costs will be better, which will probably lead to better EBITDA margins.
- Sandeep Jain:** Yes, you're right.
- Manan Shah:** Understood. So very high chances that we could see mid-teens sort of a margin in Q4 this year considering the kind of growth that we are anticipating?
- Sandeep Jain:** Please refer to our annual guidance. So I can't comment about the fourth quarter individually. But overall guidance what we have given for full year, we will stick to that.
- Manan Shah:** Right. Understood, sir. Secondly, sir, on the return side, you mentioned that you've made provisions on the basis of last year. But in terms of percentage and even in terms of absolute, the returns are actually on the higher side, right? You just mentioned that 9-month return was 13% last year versus 17% for the current year. So the provisions are higher, right, than what they were last year?
- Management:** Sir, actually, provisions are made on the basis of last 3 years trend basis. And sometimes returns are received higher. So however, we have given a complete reconciliation at Page 15 of our investor presentation. You can refer the complete reconciliation there.
- Manan Shah:** Okay. So you're saying that last 3-year average is closer to 17%?

- Management:** No, no, it was lower, but...
- Sandeep Jain:** Average of last 3 years.
- Management:** Last year, it was lower, but it was -- we received a little higher. So this year, we -- as everything is okay, we expect the actual return to be lower. So we have made that provision also -- at the end of each quarter, we provide as per Ind AS 115 guidance, we provide adequate provision for expected returns as well as expected discounts also.
- Sandeep Jain:** See, last year season was not good. So returns were more in last year. So this year, the sell-through have been better at the retail level and also at our channel partners. So we anticipate that the returns would be lesser as compared to last year's level to summarize it.
- Manan Shah:** Understood. Sir, lastly, this year we witnessed early onset of the winter. However, the severity at least in the month of December was not severe and it is only of late when real severe winter has started. So in this season, do you expect your full price sell-throughs to be at par as last year or there will be more discounted selling this year since the harsh winter has been relatively later during the season.
- Sandeep Jain:** So full price sale was more if you talk about MRP sales, but I think overall discounting will remain same as compared to last year.
- Manan Shah:** Understood. And overall, in terms of quantum, the returns that you're expecting in Q4, do you expect it to be in, say, half of last year? Or I mean, how much lower returns are you expecting in Q4? I'll just repeat my question. You mentioned that we are expecting lower returns in the Q4. So in terms of percentage, if you can quantify how much lower returns are you expecting this year, say, 20% lower versus last year or any sort of expectation on that side?
- Sandeep Jain:** The exact figure, I might not be able to give because still the sale is running, and it will be ending at around 20th of February. So then only I can give you the exact returns. But one thing is very, very sure is that as sales have been better, so returns will be less as compared to last year.
- Manan Shah:** Okay. Got it. On the solar EPC side, is it safe to assume that the ROI at which we must have bid these projects will be upwards of 15%?
- Sandeep Jain:** 18%. IRR is around 18%.
- Manan Shah:** Okay. And any more projects for which we have bid and announcement is yet -- I mean, where we have bid, but the result is yet to be announced?
- Sandeep Jain:** No, no. As of now, we have not bid anything. It's the only project which we have bid.
- Moderator:** The next question is from the line of Sheetal Shah, an Individual Investor.
- Sheetal Shah:** Sir, last year, Q3 FY '25, our volume growth was flat, but our profit was up 25%, right, sir? And in this Q3 FY '26, our volume growth is up by 17%, but our net profit is up only 12%. So can you elaborate, sir, is it due to pricing pressure or something?

- Sandeep Jain:** It's due to the early start of EOSS. Nothing else. The industry is there, that is why the margins were not impacted.
- Sheetal Shah:** Okay, sir. And the second question is, sir, our cotton sales is up 25% this year -- this quarter. Can you elaborate?
- Sandeep Jain:** The cotton sales have been growing faster than the winter sales. If you see that in 9 months, the winter has grown by 13.9% and the cotton segment has grown by 22.13%. So cotton growth has been -- we have been saying in the past also that the cotton segment will keep on growing faster than the woollen segment because of being a geographical country and 9 months of summers. So cotton segment has been growing faster than the winter segment. And the contribution of cotton is also in the mix is increasing every year.
- Sheetal Shah:** Okay, sir. And sir, my last question is woollen sale as per your expectation, sir, winter sales as per your expectation this time or less than your expectation, sir?
- Sandeep Jain:** No, it is meeting and exceeding our expectations.
- Sheetal Shah:** Okay. Because in the last quarter, you are very confident about the sale this -- and the winter was also very severe, sir. But our sales have risen by only 10% to 11%, sir. That's why I'm asking, sir.
- Sandeep Jain:** See, again, I would say that I think I have answered this question in the past 2, 3 times the same thing. See, whenever we plan for a production for a year, we give our guidance also. So in the beginning of this year, we indicated that we will be growing at 10% to 15%. And we have never said that we will be missing our guidance. We only said that there may be a chance where the guidance can be revised upward, but we have never said that we will miss our guidance.
- So in 10% to 15% till date, we have achieved only 11%. And again, I'm reiterating that we'll be ending around 15%. So you can assume that the fourth quarter is going to be better than the -- this 9 months, then only I can achieve my 15% target. And the total full financial target, we are basically ending at the top end of the guidance. So you should appreciate that the company is actually at par with the guidance which has been given in the earlier con-calls.
- Sheetal Shah:** Okay. Okay. And sir, last suggestion from my side. Sir, instead of venturing into unrelated field, sir, why should not we concentrate on our core business and grow our business by at least 20%, 25%, where other retailers are also growing in good time. This was only my suggestion, sir. Our growth trajectory is fixed at around 12% since last many years, it is fixed at around only 10% to 15%, sir. So our suggestion is to try to make it grow by at least 20%, 25%, sir.
- Sandeep Jain:** See, I think already we have indicated for next year 15% to 20%. And this year, already we have grown maybe we will end around 15%. So that 10%, 5% is gone now. Already, we have said that now we are in a position where we can go for a multiyear growth of 15% to 20%. And this we are indicating in our -- this con-call also. So I don't see any reason why we should not grow because all the levers are in place to get this growth for next 4 to 5 years.
- Moderator:** The next question is from the line of Subrata from Mount Intra.

- Subrata:** Sir, only a small clarification on the -- and some understanding on our ETR side, effective tax rate basically. So last year, it was 29%. So haven't we moved into the new tax regime. And this year, what is our expectation?
- Management:** You are checking the tax rate on the quarter 3 tax rate?
- Subrata:** No, no. I'm talking about full year, sir. So what is our ETR. What should be our effective tax rate this year and why it was elevated last year?
- Management:** It will always be 25%, 25.168%. This is our tax bracket is 25%.
- Subrata:** Okay. So on a full year basis, it will be 25%, sir?
- Management:** Yes, yes, yes.
- Subrata:** But sir, last year, it was a little bit higher, sir?
- Management:** Actually, the tax rate will remain the same. It may differ only because of capital gain only. And quarter-to-quarter, difference arises because of deferred tax.
- Subrata:** I'm not talking about quarter-to-quarter, sir. So like for example, sir, last year, our PBT was 112 and our net profit was 80. So it's effectively 29%. Is it because of capital gain you are talking about?
- Management:** Yes, yes, yes. It is because of capital.
- Sandeep Jain:** Because of capital gain.
- Subrata:** Okay. So this year also, it will be like that only sir?
- Management:** No, I don't think because the capital taxation, I think, is not incurred. So I don't think it will be this year.
- Subrata:** Okay. So this year, it should be 25%, sir?
- Management:** Yes.
- Moderator:** The next question is from the line of Manan Shah from Moneybee.
- Manan Shah:** My question was on the employee expense. This quarter, we have seen a significant jump in our employee expense sequentially as well as Y-on-Y. So what led to this sort of an increase?
- Management:** No. As far as percentage is concerned, it is hardly 0.5%.
- Manan Shah:** So I am saying sequentially we see almost a 20% jump in our employee benefit expense and even on a Y-on-Y basis, this is a 23% more or less jump in our employee expense.

- Sandeep Jain:** No, no, if you see 9 months period, the difference is 0.7%, and that is because of the wage and increments, that's all. So there is no significant increase. It's only because of the annual increment that takes place. It was 10.37% last 9 months, it is 11% now.
- Manan Shah:** Okay. And in terms of advertisement and business promotion, there is around 20 to 30 bps sort of an increase.
- Sandeep Jain:** It's almost same. It was 3.63% last year, 3.77% this year. So just 0.14% higher.
- Moderator:** The next question is from the line of Jigar Nathwani, an Individual Investor.
- Jigar Nathwani:** Sir, over the last few years, since fiscal year 2022, your debtor days and inventory days have increased sharply, which has pushed the cash conversion cycle higher and coincided with ROCE falling volume from over 20% to low teens now. What concrete operational steps are you taking to reduce debtor days and inventory levels over the next 12 to 24 months? And what would you consider a normalized level for these metrics?
- Sandeep Jain:** So inventory level will remain the same as the sales will grow, the inventory will also grow. But the debtor days, I think we should be bringing by 5% to 10% in next financial year now.
- Jigar Nathwani:** Okay. And sir, what are the biggest risks that could prevent Monte Carlo from improving return on equity over the next 2 years?
- Sandeep Jain:** I think there are all the areas where company is showing improvement. So I don't see any biggest risk over there. It's only that the economy is doing well. If we move into recession, there is a risk for each and every company in India. But as of now, as we see that this year, we'll be growing around 7.5%, and next year forecast is also around 7%.
- So I don't see any risk to anyone -- any company in India as far as consumption is concerned. Unless and until we have some macro events happening or geopolitical events happening, I don't see any reason for -- to fear about.
- Moderator:** The next question is from the line of Subrata from Mount Intra.
- Subrata:** So sir, one small clarification again on the debtors and inventory side. In terms of absolute numbers, it will be -- it will keep on rising. But in terms of days of sales, why it has gone up? Like if I can highlight, like till last year -- till FY '23 also, it was around -- inventory days was around 213, whereas last year, it was almost 312. So why it has gone up to that extent? Is it our strategic decision to hold more inventory? And given that this time we have a better sales, can that inventory level come down in terms of days, not in terms of absolute number?
- Management:** Sir, last year, on the basis sales 167 days.
- Sandeep Jain:** See, you have to see -- please don't look at quarter-to-quarter inventory days number. Please see at the annual...
- Subrata:** Sir, I'm talking about absolute numbers, sir. annual numbers.

- Sandeep Jain:** So annual number last year was 167 days.
- Management:** Last to last year, 149 days.
- Sandeep Jain:** So 169 and 145. So that was the difference of last-to-last year. And this year, we see at the same level of this year also, inventory days.
- Subrata:** Okay. So we don't have any intention to reduce inventory days or debtors days. This is our strategic decision basically.
- Sandeep Jain:** See, as the sales will go up, definitely, inventory days will come down. And the reason is that we have our sales-based retail stores are opening up and also our large format stores and online or sale-based. So inventory level will remain at this level. So there might be a reduction of 4% to 5% next year, but not beyond that.
- Moderator:** The next question is from the line of Diwakar Rana from Prudent Equity. As there is no response from the participant, we'll move to the next question. The next question is from the line of Shital Shah, an Individual Investor.
- Diwakar Rana:** Sir, my final question is, sir, what external environment you aspire for our company to grow at around 20% to 25% for around 4, 5 years. And sir, what internal -- anything you can do over a period of 3, 4 years so that we can grow at the rate of -- double the growth what we are growing now.
- Rishabh Oswal:** See, first of all, we don't only chase growth. We chase profitable growth. And we think that to go for a profitable growth, 15% to 20% is a very comfortable level to have this kind of margins. You please compare all the other companies who are there in the market and who have a growth of 15% to 20% and maintaining EBITDA margin of 20%, 21%. So we will be on par with them.
- Diwakar Rana:** Okay. Sir. And what internally, sir, you will do over a period of 3, 4 years, sir? Apart from increasing the EBOs and all that, sir?
- Sandeep Jain:** See, I think we have mentioned in our last 2, 3 con-calls, our brands like Rock.it, which is performing very well year-on-year. Cloak & Decker has started performing from last 2 years. Our footwear has almost -- we have seen a sale of 150% plus in case of footwear and online sales have grown 50% in this financial year. Our home textile should grow 15% year and 25% next year. So all these, I think, new brands and new categories have started performing.
- That is why it is giving us confidence overall, we can grow in this brand 15% to 20%. Earlier, these were the small brands, and they were not contributing much to the revenues of the parent Monte Carlo brand. But now as the smaller brands, smaller categories, now they are becoming big.
- And the growth is also coming from these categories. So that is why it is giving us confidence that going forward within this category and with the established Monte Carlo brand, we can grow to 15% to 20% going forward.

- Diwakar Rana:** Okay. So you mean to say on a larger base, again, we'll grow on 15% to 20%, right, sir? Am I understanding correct, sir?
- Sandeep Jain:** We are indicating a growth of 15% to 20% for multiyear ahead, not only for next financial year. And we have all the levers in place to achieve this kind of growth, already we've approved this year. Even though I won't see that the -- most of the companies will be having this kind of growth and this kind of EBITDA in this financial year. You can always compare with other companies as well, which are in our domain. But we are very confident that we will achieve this guidance, what we have given this year.
- And except COVID year, we have never failed any of our guidance, which we have mentioned in our con-call. Last to last year, we clearly stated that the year is not good for us. There have been some returns, and we'll be ending a flat year. And we ended a flat revenue. There was no decline in that.
- So last year, we indicated 10% to 15%. We'll be ending at the top end of around 14% to 15%. And next year, we've given a guidance of 15% to 20%. And we always believe in under-commitment and over-delivery. That is what we have done in the past also.
- Diwakar Rana:** Yes. And sir, you have cash in the book or any plans for buyback, sir?
- Sandeep Jain:** We can discuss all these things in the management when we put all these things to the Board. So it's not in my domain right now to speak on this.
- Diwakar Rana:** We have lots of hope on you and your management, sir. It was very assuring sir.
- Moderator:** The next question is from the line of Diwakar Rana from Prudent Equity.
- Diwakar Rana:** What amount of debt are we taking for this solar power plant?
- Sandeep Jain:** The 70-30 debt equity ratio.
- Rishabh Oswal:** 70-30 debt equity ratio on the project cost of around INR 120 crores to INR 150 crores.
- Diwakar Rana:** 70-30, okay. And what will be the peak debt for FY '26 and FY '27?
- Management:** For Monte Carlo?
- Rishabh Oswal:** So right now, we are debt free company. Only debt will come from the solar business only. That's all. That is on the subsidiary, not in the parent company.
- Diwakar Rana:** No, I'm asking for the whole consolidated business debt?
- Rishabh Oswal:** Yes, around INR 100 crores of debt will increase for the solar next year.
- Moderator:** As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

**Sandeep Jain:** Thank you, everyone, for participating in the earnings con-call. And I hope that we have been able to answer all your questions. If you have any further questions, which you would like to know about the company, please reach us at [investor@montecarlocorporate.com](mailto:investor@montecarlocorporate.com) or to our IR managers, which is Valorem Advisors. Thank you very much.

**Moderator:** On behalf of Emkay Global Financial Services Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.