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MONTE CARLO
It's the way you make me feel

MONTE CARLO FASHIONS LIMITED

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MCFL/CS/2026-27 August 10, 2026

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Symbol: MONTECARLO	**Scrip Code: 538836**

Sub: TRANSCRIPT OF EARNINGS CONFERENCE CALL – Q1FY27

Dear Sir / Madam,

Pursuant to the provisions of Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith transcript of the earnings conference call of the Company held on August 6, 2026 to discuss Q1 FY27 results.

We request you to kindly take this in your record.

Thanking You,

Yours Faithfully

For MONTE CARLO FASHIONS LIMITED

ANKUR GAUBA Digitally signed by ANKUR GAUBA Date: 2026.08.10 17:32:56 +05'30'

ANKUR GAUBA
COMPANY SECRETARY & COMPLIANCE OFFICER
ICSI Membership No: FCS 10577

"Monte Carlo Fashions Limited

Q1 FY27 Earnings Conference Call"

August 06, 2026

MANAGEMENT:	**MR. RISHABH OSWAL – EXECUTIVE 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:	**MR. SUNNY BHADRA – EMKAY GLOBAL FINANCIAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Monte Carlo Fashions Limited Q1 FY27 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 your touch screen phone. Please note that this conference is being recorded.

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, Anushka. 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: Very good morning to everyone, and thank you all for joining us for today's earnings call to discuss the performance for quarter ended 30th June 2026. Let me start by sharing the financial highlights and then the operational highlights.

For the first quarter under review, the company reported revenue from operations INR149 crores, registered a growth of 8% year-on-year. The first quarter remained a lean period, resulting in EBITDA loss of INR13 crores and a net loss of INR23 crores. The quarterly performance was primarily affected by higher product returns during this period, the impact of which will be offset in the subsequent quarters.

Coming to the operational performance, we witnessed broad-based growth across our key product categories. Cotton volumes grew by 23% year-on-year, home textile by 42% year-on-year, kids wear by 5% year-on-year, reflecting strong product acceptance. Our Rock It brand continued its growth trajectory, while the home textile segment maintained healthy momentum.

Footwear sales also increased 38% Y-o-Y, and we remain optimistic about the continued growth of these emerging categories. Our retail expansion strategy remains on track with the target of opening 40 to 45 exclusive brand outlets during the year with a strategic focus on western and southern region.

Our digital channel continued to gain traction with online sales growing by 15% Y-o-Y. We further strengthened our online presence through partnership with leading quick commerce platforms like Blinkit, Swiggy, Zepto, enabling deliveries within 30 minutes.

Additionally, our collaboration with Salesforce is helping us streamlining our operations, enhancing our customer experience and strengthening long-term customer loyalty through digital transformation initiatives.

We also successfully organized our pre-winter and winter trade show in February and March 2026, which received an encouraging participation and supported order booking for the upcoming season.

We remain confident in our long-term growth strategy with strong traction across all our product portfolios, expanding retail and digital reach and encouraging customer response to our upcoming seasonal collection. We believe we are well positioned to strengthen our market presence and deliver sustainable value for our stakeholders.

With this, we now open the session for question-and-answer. Thank you very much.

Moderator: Thank you very much. We will now begin the question-and-answer session. We take the first question from the line of Sucrit D. Patil from Eyesight Fintrade Private Limited.

Sucrit D. Patil: Two questions. The first question to Mr. Rishabh is, beyond the regular outlook, I just want to understand the top 2 to 3 execution priorities you're focusing on in the next few quarters. And alongside that, what do you see as the biggest risk in consumer demand shifts, fashion cycles or competitive pressures? And how are you preparing to manage them by strengthening Monte Carlo's position in the branded apparel space? That's my first question. I'll ask the second question after this.

Sandeep Jain: This is Sandeep Jain. And I would also ask Rishabh also to support my answers. So the first question, as I clearly understood, our strategy for coming 2 quarters, see, if you have seen this quarter, the returns have been more because we basically plan to have better planning of our returns to dispatch it in times. That is why we have recalled it as in the June quarter because last year, it was divided into first quarter and second quarter.

So to plan better sales in the coming year at our factory outlets also and also to better manage the return inventory, the returns have been more in this quarter. And we believe that we are in well position to go for a strong year this year also, and we anticipate a double-digit growth going forward.

Yes, there have been some tension of geopolitical issues have been there. There have been inflation issues. There have been issues of freight and input cost is going up. But despite all that, we are well positioned to achieve our growth. And I'd also ask Mr. Rishabh to support into this.

Rishabh Oswal: No, as Mr. Sandeep ji rightly said, so the increased returns that we see in our numbers in the first quarter is we've improved our operational performance, and we've recalled and processed the returns on time this time. So the total number of returns will average out in the second quarter.

Secondly, we are focusing a lot on our digital channels as well, focusing on primarily our own website, along with quick commerce. And our focus has always been on outright sales, which ensures that we get the least amount of returns.

Other than this, there's a lot of effort being put in, in terms of stock planning that we send to our stores. Earlier, we were purely dependent on the order that we received from our retailers.

However, now each of the retailer's order is scrutinized by a back-end team that we've created using multiple software so that we can get better at our sell-through and discounting.

Sucrit D. Patil: My second question is to Mr. Sharma. From a financial point of view, I just want to understand, do you see any key risk or challenges in the coming quarters? And what specific measures are being taken to manage margins, steady the cash flow and maintain the balance sheet strength, especially in areas like raw material cost volatility, receivables and compliances?

R.K. Sharma: Yes. The main challenge in our company is only -- there are only 2 factors: discounts and returns. If we can maintain the returns as per our plan, which is approximately 12% to 13%, so we will definitely improve our margins.

As far as material cost increase is concerned, it is actually -- we already -- in advance at the time of booking, we prebook all the raw materials and all the other accessories. So there is hardly any impact to that extent for that.

And as far as the working capital position is concerned, we are definitely monitoring quite tightly all our debtors outstanding collections, and we hope that it will be improved further in future also.

Sandeep Jain: I would just like to add that because of slightly rise in the input packing cost, input prices, so there may be 100 basis point difference as far as last year margins are concerned in this financial year.

Moderator: We take the next question from the line of Gunit Singh from Counter Cyclical PMS.

Gunit Singh: I want to understand our cotton sales volumes have gone up by 24% and home textiles by 40%, but our revenues have not increased by even 10% this quarter. So can you help me understand in detail what exactly happened?

And when you say sales returns, so -- which are higher this quarter, so what was the number of sales returns in Q1 FY26? And will we not see any sales returns in the next quarter? Or I mean, can you help elaborate?

Sandeep Jain: That's a good question. Definitely, if you have seen that the volume in cotton segment has grown almost 20%, as you rightly spoken about it and even home textile also grow. So only reason for less sales is because we have got more returns. Normally, it is spread in first quarter and second quarter.

But in this quarter, we got almost INR50 crores of more return as compared to last financial year. And that actually basically hurt the revenues part. So in second quarter and in third quarter, you would see that we would nullify this return as returns would be less as compared to last year, and we will have the revenue growth in second quarter and third quarter.

Gunit Singh: Why were the returns higher? Were these winter products? And how are the returns treated whenever we have the return, is it subtracted from the revenues?

Sandeep Jain: No, no. What happens is that -- so the winter returns basically comes -- some portion comes in March and the balance comes in first quarter and second quarter. So whenever we bill the material, we bill the material at WSP, but whenever we bring it back, we bring it at a cost. So that is why we have to incur loss also. So now it is -- this inventory is now positioned at a cost in our balance sheet. So when we will bill it again, again, the profit will be booked.

Gunit Singh: Got it. And what was the reason for higher returns this quarter? And I mean, will we not see returns in the next quarter? How are you confident about it?

Rishabh Oswal: Yes. No, you will see returns in the second quarter also. But when you combine the first quarter returns and the second quarter returns, the percentage return to the total revenue will even out. So in this quarter, you will see INR50 crores of extra return has been processed. Earlier, our capacity to invert returns were limited. We've increased that capacity. That is why we've been able to pull more returns in the first quarter.

This has already been refinished, already being sent to new distribution channels like our online channel, brand factories and factory outlets. This will help us realize in achieving better realization of these products. The overall return is almost the same as per last year in percentage terms.

Sandeep Jain: Just to add what Rishabh has said, see, the main reason for is that we wanted to refinish it as soon as we can so that we can dispatch it in time, because normally what happens is that then there is a lot of pressure when the returns comes late because the season starts in September, October. So we wanted to refinish it in time so that we can dispatch it on time.

Gunit Singh: Got it. And you mentioned that the processing of returns capacity has increased. So what exactly did you do? And when did it increase?

Rishabh Oswal: We've just added more warehouse space and added more manpower. It is a very manual process that is involved during refinishing. So that is all that we've done.

Sandeep Jain: So there was a space constraint earlier. So that happened now we got the space. So that is why the refinishing capacity also have increased.

Gunit Singh: Got it. By processing, you basically mean whatever is returned, you can process it quickly and then send it back to the store. That's what you mean, right?

Sandeep Jain: Yes. So just to give an example that if earlier, we were doing 5,000 pieces per day, now we can do 10,000 pieces per day. So the refinishing capacity has been doubled. So that is helping us even to take return earlier so that we can finish it well on time and dispatch it on time.

Rishabh Oswal: So just to give you a broad figure of the total returns that we were supposed to get in first and second quarter. In last year, we had processed around 50% of total return in the first quarter, 50% in the second quarter. This year, we processed almost 65% of the total return that we are supposed to get. So next quarter, we will only get 35% of total returns. So if that gives a little more clarity.

Gunit Singh: But returns, when you say returns, if a customer wants to come and return their products, I mean, you cannot refuse them, right? So it's not our capacity to process it. It's basically customers coming and returning, right?

Sandeep Jain: These are not customer returns. You are only referring to the online sales returns that happened. These are institutional returns that comes back to us from our retailers. So these are B2B returns. And we can definitely stop our retailers from sending back goods to us if it is higher than what we've agreed. This is not B2C returns. This is B2B returns. Yes, and we have full control over how much we want to pick up from our retailers.

Gunit Singh: Got it. And when you talk about sales returns, can you also elaborate, say, out of INR50 crores, how much is B2C returns in the customer?

Rishabh Oswal: 100% is B2B returns. These are all B2B.

Sandeep Jain: This is complete B2B returns.

Gunit Singh: Got it. Sir, my second question would be regarding the inflation in yarn prices, inflation in cotton prices. So have we taken any price hikes? And you mentioned that our margin will be impacted 100 basis points. So I did not exactly get what you were saying that. So we -- our margin will be 100 basis points lower this year because of this?

Sandeep Jain: So I'll break it into 2 parts. So one is the winter trade show, which has happened 4 months back, as Rishabh has rightly said. At that time, the trade show was good, and we've taken a hike of around 6% to 7%, depending upon the raw material price increase. And now when we come to the summers, again, we are having a trade show next year. So we are taking another hike of approximately around 8% to 10%, depending upon the cotton price increase. So that is one area.

But second area is that the input cost, the other cost pressure because of inflation, the freight, those things have also gone up. And it's not that we can completely pass on each and every hike because there are some material left, which we procure a little later also. So I assume that most of the things will be covered. But again, there may be a slight difference of around 100 basis points as compared to last year's margins if we go into this financial year.

Gunit Singh: Got it. We saw this hit in Q1 as well?

Sandeep Jain: Pardon?

Gunit Singh: We saw this 100 basis point hit in Q1 as well?

Sandeep Jain: When I talk about hit, it is a full financial year. I'm not talking about a particular quarter. So whenever we give guidance, we give guidance for full financial year.

Gunit Singh: Got it. What was the same-store sales growth in Q1?

Sandeep Jain: It was around 7%.

Gunit Singh: 7%. And for FY27, can you give a breakdown of, I mean, what kind of SSSG are we looking at? And we are adding 40 new stores. So would you like to give some guidance for FY27 in terms of growth and EBITDA margins?

Sandeep Jain: So already, we have indicated that we'll be growing double-digit growth. Exact double-digit growth, I cannot quantify how much -- but it will be low double-digit. Yes, there will be a slightly reduction in the margin, 100 basis points, we assume.

And SSG, as far as our in-house targets are concerned, we are targeting 10% of SSG for this financial year as well. We grew 11% last year also. So on above that, we'll be growing 10% SSG in this financial year also and 40 to 45 stores, which we indicated earlier in our presentation also, we'll continue to open those stores in this financial year as well.

Gunit Singh: Got it. And in terms of EBITDA margins, I mean, are we looking at, see last year, we did about 18%, if I'm not wrong. Yes. So are we looking at about, say, 17% or lower than that, closer to 15%?

Sandeep Jain: First of all, I cannot give you exact numbers, but we assume that seeing the inflation, seeing the input cost, which is going up, it can be same as last year's margin, but we are safely saying that it can be less than 100 basis points going forward because we don't want to commit anything which we cannot achieve.

But again, if the upcoming quarter is very good as we have seen that the geopolitical tensions have eased and also the prices have gone down for oil also and input cost is coming down. So there may be a chance that we can have the same margin or upward revision of margins also, it all depends on the coming 3 to 4 months. We can give you update guidance in the second quarter con call.

Moderator: We take the next question from the line of Amit Kumar from Determent Investments.

Amit Kumar: Actually, I picked up the data from your presentation on the sales returns numbers. I just wanted to sort of get a sense that given that you already had an opening provision of sales return of about INR180 crores and you had an actual of about INR130 crores. So why is it that this entire number is getting booked in your P&L? Shouldn't this be adjusted against the provisions which you already have in the balance sheet?

R.K. Sharma: This is R.K. Sharma. Actually, the same way what you are saying is rightly saying that it is adjusted against the opening provision itself only. But what happens is that our returns arise, we receive returns in 2 financial years. So some portion we get in this year, some portion we get next year. So this -- remaining portion will be received in second and third quarter.

So the returns pertaining to the last year. So accordingly, the INR180 crores of opening provision will be adjusted according in that only. So this is just the first quarter only. This INR180 crores opening provision is for the full year.

Moderator: We take the next question from the line of Mahendra Jain from Way2Wealth.

Mahendra Jain: Sir, I just need to understand road map for the next 3 years, like in cotton, we are growing. So where the margin will improve in cotton in future because of so much unorganized sector or tough competition?

And as we are like offsetting this winter with cotton and home textile, so where you see in next 3 years, we will be in margin in cotton plus contribution in cotton? Like, what will be the ratio of contribution of home textile and cotton in the next 3 years?

Sandeep Jain: I think if you witnessed the trend from last 2, 3 years, it is clearly visible that the cotton sales have been increasing as far as total sales are concerned, as a percentage of total sales. So we almost have reached, I think, around 45% of cotton and 55% of winter wear sales. So we also have said that in next 2 to 3 years, we will even out in summer and winter sales. And eventually, the cotton sales will surpass the winter sales. So that is the ultimate target, and we are basically set for this kind of target. And as far as -- what was the second question?

Mahendra Jain: Margin, what is the margin scenario in 3 years, like, in cotton, be of competition or unorganized sector. So how we see the margin as our brand is reputed, so where we see the margin, sir, as we speak? Means improve…

Sandeep Jain: Sorry, I'll be pleased to share that we have a better margin in cotton products on winter products as of now. If I -- it is almost 100 basis points up as compared to winter wear products in cotton segment. So there is no worry about the margins in cotton segment.

Already, the margins are equal or better in cotton segment. And we anticipate that we will maintain the margin in cotton segment as we have certain advantages. We are number 1 in T-shirts in India. Almost we sell 2 million pieces in India, which is growing at a very good rate.

At the same time, other categories also, if you have seen the volume growth of shirts, trousers, denims, all the categories are growing. So this is giving us confidence that we'll be able to maintain margins going forward also. And overall, for next 3 to 4 years, we said earlier also that we're looking for a double-digit growth going forward. Even in this financial year, earlier, we indicated that we might grow at around 20%.

But seeing the geopolitical conditions and also to save ourselves, we planned less inventory so that in case something goes wrong, so we are not trapped at the retail end or at the consumer end. So that is why some of the inventory has been cut. Still, we are very confident of growing double-digit in this financial year.

Mahendra Jain: Sir, where we stand in home textile in general scenarios in market, like, our products are very well accepted and -- yes.

Sandeep Jain: Yes, I'll be pleased to share that last year, we grew around 12%. And this year, we anticipate a growth of approximately 20% to 25% in home textile segment. So the revenue-wise, it was around, I think, INR170 crores last year.

So this year, we should be ending at around INR215 crores. So that would translate into a growth of 20% to 25%. So we are well positioned and brand is -- have a very good recall. And also our summer wear collection in home furnishing is growing at 60% to 70% as compared to last financial year. So I think we'll be doing approximately 20% to 25% in home textile sales in this financial year as far as growth is concerned.

Mahendra Jain: And sir, what is our capex plan? Like, you have mentioned that we are modernizing our plant. This is just I mean, working capex or something you are adding or -- and what cash we have on books now after solar and all this?

Sandeep Jain: No, we are a very asset-light business. The capex only goes in warehousing, which already we have built in this financial year. And there are some modernization of machine, which is not beyond INR10 crores to INR15 crores. So it's a very capex-light business, and we'll maintain that capex guidance of INR30 crores also for next financial year.

Mahendra Jain: Okay. Sir, what is the cash in books right now and what we are planning with that in future? As a very strong -- as our market cap is quite -- I mean, equal to the net worth of the company. So are you, sir, planning anything to, like, plant visits or analyst meet or something like that you are planning to just make aware people about the valuations?

Sandeep Jain: Like, the cash is INR305 crores in books, and we always invite all our analysts and stakeholders to visit us and to see us how we have been doing here. And everybody is welcome to visit us. And even after this con call, if there are any questions which are left unanswered, you can always give a query to our Valorem Advisors, and we'll be happy to answer it.

Mahendra Jain: So it is INR305 crores, no, cash in hand?

Sandeep Jain: Yes. Yes.

Mahendra Jain: Okay, sir. And how's the solar been -- I mean, when we are expecting return on that to start...

Sandeep Jain: So the capex on solar projects have not yet started. It will be -- we are under the stage of land aggregation. And so I think in the next 9 to 12 months, we should be commissioning the plants and we should start the billing from next financial year, so.

Mahendra Jain: Any further plan to do more capex in solar, I mean, more investment in solar as we are having a...

Sandeep Jain: But we would first want to implement and commission these projects so that we get the confidence. But yes, so we are putting around 50 megawatts in DC, around INR150 crores of investment. So we would want to complete this investment first, commission, start the billing of the project and then move on to new tenders. But we are very optimistic about this segment. But if something interesting comes up, we will be more than happy to -- and also -- yes, sorry.

Mahendra Jain: Sir, any other vertical, I mean, you are planning in mind, like, something like we are in footwear. So any other vertical we are planning to go into that in future, like, or we are just doing with our own business?

Sandeep Jain: So footwear is a category which is -- which belongs to the lifestyle segment also. And we, as a brand, when we move into lifestyle, we have to cater to all categories. So category addition will keep on happening, whereas solar is a different vertical that we've undertaken. For now we're just focusing on retail and solar. No other segments are being looked at.

Mahendra Jain: Okay, sir. Okay. And sir, I would like to visit, I will request, I mean, your RSVP I would like, sir.

Sandeep Jain: Sure. So we'll ask our Company Secretary, Ankur Gauba, to coordinate with you, and we'll get back to you.

Moderator: We take the next question from the line of Niraj, an Individual Investor.

Niraj: Sir, my question was on the overall sales. How much is the component which is from a B2B sales perspective and how much is that which is being sold directly by the company? So if I look at last year sales was INR1,300 crores was volume. So roughly what is the percentage?

Sandeep Jain: More than 90% is B2B sales. It's only online sales, which is directly from our website to consumers. So that contributes, I think, 3% to 4%.

Rishabh Oswal: Yes, even online, only 20% of the total online sales comes from our own website. Yes, and around 145 company-owned EBOs, that is the direct sales that reaches the consumers.

Sandeep Jain: That is the consumers.

Niraj: No, so basically from the company's owned EBO, how much is the sales that is coming across? Is it, like, only 10% and the remaining is coming from the B2B vendor?

Sandeep Jain: We can check back and we can write back to you. I don't have a figure right now, but it's approximately -- it should be around 20% of the sales of total EBOs, I think. So that is company-owned. So the sales would be like that only. But exact sales, we can -- you can separately write to us and we will answer it.

Niraj: Okay. And just coming on the sales return part, it is comparatively quite high. If I look at the overall sales and the sales return, it is coming to be around almost like 25 to 30 percentage of the sales which we do. How is it that -- I mean, this basically adds an additional burden on the P&L as well? How do we plan to reduce this amount of sales return?

Sandeep Jain: We are one of the best company in whole space who have a return of around 11% overall at a company level. So if you compare with any company which is listed or which is unlisted, it is around 15% to 16% or maybe more than 20%. So we are one of the few companies in India, which have a return of 11% of overall sales, if you see that.

But the only thing is that for the third quarter is very heavy, so it starts reflecting in the first quarter itself. But when you see our second quarter and third quarter results and fourth quarter results, you would see that this doesn't come up -- the return issue doesn't come up.

It's only the first quarter we have to face some difficulties because of heavy third and fourth quarter. But overall, please see us as a full financial year performance as compared to last year financial year, so that you would see that our returns, our profitability, our revenues, so that would sync in line what we are committing.

Niraj: And this sales return is primarily on the woolen part, or is it, like, across for the cotton and as well as all the other…

Sandeep Jain: Across every category has the returns. But woolen is being higher ASP. So it shows more in the balance sheet in the first quarter, but all the categories have some returns. But the percentages overall is the same, which I indicated earlier around 11% at a company level.

Niraj: Because I was looking at this number, like INR180 crores is the total return for the current quarter. And what I understand that, that is 65% of the overall returns it is there and 35% is there that we are basically additionally expecting in the quarter 2. So if I take it out, which expects the overall sales return will come to around INR250 crores, INR260 crores?

Rishabh Oswal: Sorry, so 65% of the winter returns. So this time we are projecting winter returns, summer returns will be in addition to this, which will come in the third and fourth quarter.

Niraj: So in terms of quantum, how much is it going to be estimated? And I don't want the exact figure, but just a ballpark figure, like, now this is INR180 crores?

Rishabh Oswal: Yes. So I'll just tell you, in the first quarter, we've inverted almost 1 lakh extra pieces as returns. And in the next quarter, we will invert around 70,000 lesser in quantity as compared to last year. So if you see overall the -- in first and second quarter combined, the overall return will increase by 35,000 to 45,000 pieces, which is in line with the growth in dispatch.

Niraj: Okay. And if you are trying to -- and what I understand is there is no way to reduce this particular amount of return. This is an industry practice and this is something that is expected across then when our sales increase, this sales return will also increase in that percentage point of view.

Rishabh Oswal: Sales return is the number 1 KPI that we track in the company because this is one thing that can impact our margins as well as profitability. As Mr. Sandeep ji said, because of all these efforts, we have one of the lowest returns in the industry as compared to any other company. These are part and parcel. These can never go out. Our best effort is to minimize them as low as possible.

Moderator: We take the next question from the line of Amit Sanghvi, an Individual Investor.

Amit Sanghvi: Yes. See, if I see this P&L, advertisement and business promotion expenses is lower by INR362 crores. And in spite of that, the losses are higher by INR10 crores. So how do we read about the sales which we expect in future, whether the sales will be lower comparatively as compared to last year -- last Q2 and Q3 or how we should read about it when the expenses are lower in case of advertisement and business promotion?

Sandeep Jain: Yes. Please don't see advertisement expense in quarterly basis. On a yearly basis, the guidance is around 3% of sales, which will remain there. So there have been changes in sometimes quarterly variations.

Sometimes the quarter 1 is having a lesser advertising expense, quarter 2 is having a more expense. So sometimes the bills are moved in the second quarter. So overall, it will remain same at a financial year level.

Amit Sanghvi: Okay. But you are sure that there will be a double-digit growth in top line revenue and more or less or lesser by 1% in EBITDA growth?

Sandeep Jain: Yes, you're right. That's what we have said.

Amit Sanghvi: Okay. And what is the total expenses incurred on the energy projects so far?

Rishabh Oswal: So far, none of the -- there has been no investment that has been done. It will be to the tune of INR147 crores to INR150 crores, but none of this amount has been invested so far. It will be invested in the next quarter.

Amit Sanghvi: But I think we have announced this a year before. So even after lapse of New Year, we haven't incurred any expenses?

Rishabh Oswal: No, because when we had announced, we had got the LOA, then we -- it got converted into an LOI. Then there was a PPA process that had to be undertaken, which took another 3 months to be signed. Now because it's a rainy season, we are right now aggregating land. And in the next quarter, you will see -- because it's a very short-term project.

So the disbursement will happen within 2 quarters. So you will see the entire amount being disbursed in the next 2 quarters. So the time taken is for compliances and getting agreement signed.

Moderator: We take the next question from the line of Diwakar from Prudent Equity.

Diwakar Rana: Considering the company's healthy cash position, is management evaluating the possibility of share buyback?

Sandeep Jain: Yes, definitely, it is always under the Board's discussion. So whenever there is any plan, we'll definitely let all our stakeholders know about this.

Diwakar Rana: Okay. And sir, when you say the double-digit growth you are looking for, so are you referring to closer to 10% to 12%, or higher, 18% to 20% growth?

Sandeep Jain: See, we indicated low double-digit growth.

Moderator: We take the next question from the line of Shital Shah, an Individual Investor.

Shital Shah: Pardon me, I joined the call late. So if my question is repeated, pardon me, sir. Sir, Q3 is always the joyous quarter for we shareholder, but the joy fades away as we enter Q4, Q1 and it's turned into sorrow when we enter Q1 of next year, sir. Sir, management has taken the step to overshadow this impact by diversifying into cotton and leather products.

But sir, impact is somehow not visible, sir. Sir, my question is, what the management is thinking of how to reduce the impact or overshadow this impact so that it does not distort the whole year figure, sir?

Sandeep Jain: See, first of all, all quarters, please have leathers because when we indicate in our con call in the beginning of the year, so we indicate for annual performance. We don't guide for quarterly performance. We have rightly said that third quarter and fourth quarter, there is some pain in the fourth quarter and first quarter.

But if you see this fourth quarter, we have taken adequate measures and this fourth quarter was positive. Second quarter was positive. Third quarter was positive. Only there have been loss in the first quarter. So this year also, the same practice will be followed.

So first quarter is again having a loss because of returns. And second, third, and fourth quarter definitely will be followed as we have followed in last financial year. But the good thing is that we have been known as a winter wear player. You see that there has been a volume growth of 27% in first quarter and summer season sales.

So that shows that the summer wear categories have been accepted and being established in the market as far as Monte Carlo brand is concerned. So that is a very good sign for us. And going forward also, because otherwise, we were having -- we were planning to have higher double-digit growth, but we curtailed our production, seeing the geopolitical tensions, seeing the inflation.

So there might be some risk of some higher returns and there have been some issues with monsoon also. Otherwise, we would have indicated more than 20% growth. But we try to be very safe, and we try to protect our margins also. That is why we have curtailed down the growth a little, but we are not compromising much on the margins and much on other areas.

Shital Shah: Sir, just add on, sir. So is there any measure which we can do to curtail this sales return because that is the only horror thing in our financials, sir. If it reduces our whole year, sir, profit figures look decent, sir. So can we do anything or the management has any game plan to reduce this sales return figure, sir?

Sandeep Jain: See, this question has been answered repeatedly in this con call. We clearly indicated this is part and parcel of the business. What we only can do is that we can minimize it, and we are already at a very low level, 11% to 12%. As far as industry-related figures are concerned, they are more than 15% to 20%.

But we are always trying to have more efforts to reduce the returns, but that would be percentages-wise. It cannot be very high. If I'm at 12%, I can be 11.5%, but I cannot bring it down to 9% or 8%. That is not possible at all. But what we are trying to do is that always have a lesser return as compared to last financial year, maybe in the 30 basis points, 40 basis points, 50 basis points. That is what we are trying to do always.

Shital Shah: Okay. Okay. The reason was that, sir, our stock is quoting at only 10 P/E, where other retailers are quoting at 30 plus P/E, sir. That was the main reason for this asking. And sir, the second question is, sir, in last 2 con calls back, you had told that while we maintain this type of margin, we can only grow by this amount, sir?

So my question is, sir, earlier, you had told that we can grow easily by 15%, 20%. So due to geopolitical tension, you are saying that our sales revenue guidance is reduced to low double-digit. So if geopolitical tension eases, do you see any other headwind for us not growing by 15%, 20%, sir?

Sandeep Jain: Yes. Yes. Can you please just repeat it? I was not able to listen.

Shital Shah: Sorry. Sorry, sir. Two con call back, you had told that if we keep revenues this -- I had asked you, why would not we increase our revenue? Then you told that for keeping this type of margin, we can only grow by this amount. So 15%, 20%, we can easily grow by keeping this type of margin, so that we are not increasing our revenue to keep our margin safe.

Now due to geopolitical tension, sir, you are telling that we can grow at low double-digit. So only geopolitical tension is a headwind to us for not growing 15%, 20%, or any other headwinds do you foresee?

Sandeep Jain: Partly, you have answered your question. So balance, I will answer it. So first of all, yes, we clearly indicated that we would like to grow 15% to 20%. I think in the fourth quarter when we were like having a con call, and we were having a clear visibility of 15% to 20% growth because our order book was at that level.

But now consciously, we have cut down the production. So it's not that the order book is not there, just to see that there have been some issues because of geopolitical tensions, inflation has gone up, which is already indicated in the RBI also.

And there have been some monsoon deficit news also, which is, I think everybody knew that India is highly agriculture economy and dependence on monsoon also. So we don't want to take undue risk on our margins. So that is why we have cut down our production a little so that we can grow at around double-digit, but not aggressive growth, in case there have been this war prolongs or there are some more issues of monsoon or inflation.

So then it may hurt the sale and it may then have more discounts and also it can push more returns. So just to safeguard ourselves, we have indicated that we will be growing low double-digit. Otherwise, the initial plan was as per the order booking and from trade show we had was 15% to 20% only. But again, this is just to safeguard our production, safeguard our margins, we have taken this decision.

Shital Shah: And last -- final, sir, our stock is quoting at a very low P/E. Sir, in future, please consider the proposal of buyback, sir.

Moderator: We take the next question from the line of Ritika Pahwa from Pahwa Securities Private Limited.

Ritika Pahwa: I have 2 questions. One is about your store expansion. I saw in the presentation that you are planning about 40 to 45 store addition this year. Just want to understand the broad investment in all the new store versus the payback period, if you could elaborate a bit on how you go about it? And the second question would be about exports. Is the company focusing on exports in any manner?

Sandeep Jain: I'll come to the first question, which is the capex. Capex is only of the franchise. We do capex only in the company-owned stores. So that is only -- I think the 10% to 15% of the stores which opens in a financial year. That is only the capex we do. Rest capex is done by the franchisees, and we expect to have ROI of 3 to 4 years.

Ritika Pahwa: Okay. Got it. 3 to 4 years typically?

Sandeep Jain: Exports, we don't have any exports as of now, but we have been doing some like online exports. Reasons Mr. Rishabh will explain.

Rishabh Oswal: Yes. So as a company, we are not an export house. We are a retailer brand. So our focus is not on export. Our focus when it comes to selling overseas is only if it sells under our own brand. For this, we've tied up with a few Middle Eastern portals where there is some sale, but it is not that much that we can have a discussion about it. But as a company, our focus is on the domestic market and not exports.

Ritika Pahwa: Okay. Understood. So you do not benefit from any of the FTAs India is entering into be it U.K. or Europe, not in this entity. You don't see any benefits from the FTA, right?

Rishabh Oswal: No, because as a company, we don't own a lot of manufacturing units. We outsource most of our production and the only manufacturing that we have is to service our own demand. So as we said, we are an asset-light company. So in order to export, we need to have that manufacturing capabilities in-house. Otherwise, we can't work it in a trading model.

Ritika Pahwa: Okay. And just an add-on, what is your capacity utilization right now? And what do you think what is the maximum turnover can you expand to with the given capacity? Or would you need further capital for that?

Rishabh Oswal: So for woolen, we've added almost 15 to 17 new machineries and our cotton plants are running at full capacity. We don't have any spare capacity available with us. And all the other demand that is there, we outsource to third-party vendors, and that will be our plan going forward.

Ritika Pahwa: So no further capex is planned. Whatever incremental demand you're talking of like double-digit growth for the next 3, 4 years, this will all be your own plant...

Rishabh Oswal: Yes. Outsourced. Yes. So we spend around INR10 crores to INR15 crores every year on our internal plants in modernizing and adding a couple of new machineries, but that is it. No major capex when it comes to production.

Moderator: We take the next question from the line of Gunit Singh from Counter Cyclical PMS.

Gunit Singh: So sir, in 2015, our share was trading at INR567. And now after 11 years, our share is trading at the same price or lower than that. And despite being one of the oldest brands in India, share is trading only near its book value, whereas if you look at other branded companies, they have multiples of, say, 2x, 4x of the book value.

So sir, I would just request you rather than putting money in commoditized businesses like solar where returns are miniscule, why don't we consider investing in the company itself by buying back the shares and taking up the promoter shareholding to 75% because I think at these levels, there is not any investment that's better than, I mean, buying back the shares of the company since we have cash also?

And it will be a long-term benefit for the long-standing shareholders by permanently increasing the EPS. So I would just like to understand if the Board is considering anything of this sort, anything of the sort on the books? And if not, kindly request you to consider it?

Sandeep Jain: Thank you, Gunit ji. And definitely, I can understand the pain as far as -- and we are also having the same pain that the share price has not performed even though the company have almost multiplied the turnover from 2015 to this financial year. And definitely, we have noted on your suggestions.

Gunit Singh: Perfect, sir. And I mean, share buyback will also show our confidence in our own business and it will give a good signal to the market as well. So thank you very much for considering it, and I hope that something gets done in that direction.

Moderator: We take the next question from the line of Jigar, an Individual Investor. Due to no response from Jigar's side, we'll just move with the next question.

We take the next question from the line of Amit Sanghvi, an Individual Investor.

Amit Sanghvi: Yes, you said that sales return is for this Monte Carlo is based in the industry, which is around 12%, as against 15% to 20% as per industry standards. So I don't think there is any more possibility to reduce this percentage of 12%. As you said that it can be 11.5% or maximum at 11%, but not lower than that.

So what I feel then -- what I suggest that if we can make basis the last 2 years average sales return, if you can make higher provision in Q3 where our sales is on a very high side, then this EBITDA margin or EBITDA level will be even out and this type of distorted Q1 or Q4 will not be there. So I just wanted to have a suggestion on it?

Sandeep Jain: That's a good suggestion. But this year, we have taken a good provisioning. That is why our fourth quarter was positive, which was negative last financial year. But definitely, we have noted your point.

Moderator: We take the next question from the line of Jigar, an Individual Investor.

Jigar: Sir, my first question is regarding the store economics. You plan to open 40 to 45 stores this year. So what is the average payback period and mature store EBITDA margin? Also, how many stores can India ultimately accept over the next 5 years?

Sandeep Jain: See, first of all, I have already said that the ROI for franchisees is 3 to 4 years when we open the store. So secondly, how much -- how many stores India can accommodate, I might not be able to answer that. But definitely, we have a plan of around 45 to 50 this financial year, and we may increase it once we have all this situation normal as far as inflation, geopolitical tensions are concerned. We might open more store next financial year.

India is a huge market, and it is a country of countries. We have a population of 140 crores to support. And where the middle class income is rising every year and where the lower middle class is shifting into middle class and poor are shifting into lower middle class. So definitely, there is a lot of space for organized players like Monte Carlo to increase their sales as still we are -- we have only, I think, 20% of organized sales as compared to, if INR100 sales is happening, it is INR20 only organized sales.

So a lot of potential from 20% to go to 50% as it's in other developed markets we have seen like America, Europe and China, their organized sales contributes almost 35% to 40% or 50% even. So a lot of scope for brand like Monte Carlo to grow in this space.

Jigar: Okay. And my second question is regarding the revenue guidance, sir. Sir, you have already guided for low double-digit revenue growth -- revenue growth, I mean. So can you help us understand the contribution expected from store additions versus same-store sales growth versus price increase?

Sandeep Jain: Yes, I don't have a readymade data available with me. We can just write back to you. Please give you e-mail to Valorem Advisors, they will reply back to you.

Moderator: We take the next question from the line of Mahendra Jain from Way2Wealth.

Mahendra Jain: Sir, I'm repeating my question, like, on solar contract, can you elaborate a little about that? Are we making investment into land or what is the exit clause if suppose in future, we don't like this business as we are doing only investment as per you said in last call also?

So what is the contract clause like that are we buying land ourselves or something like this? Can you please elaborate in this mix? And the margin is -- around EBITDA is 15%, as you said in last call. So are the liquid investment or what kind of investment, please?

Rishabh Oswal: So the land for all these projects have been leased. We are not buying these land. These are long-term leases spanning from 25 to 30 years. The agreement that the PPA that we signed with the Madhya Pradesh government is for 25 years. So we are responsible to sell them these units for the next 25 years.

We are not allowed to exit this investment for the period of 1 year after investment, after commissioning. But post that, we are okay, if we want to monetize this asset, we want to exit this business. There are enough buyers in the market, enough funds which buy these recurring revenue assets, and these are sold at a basic discount rate of cash flow.

That is the whole reason that this is being established in an SPV and not in the mother company itself. That is why -- because it will be an easy transfer if you want to exit this business in the future.

Mahendra Jain: So are we buying even solar panel and all the installation will be done by us or it will be EPC contractor and they are things, like?

Rishabh Oswal: No, it will be given to an EPC and they will do the installation and everything. But government...

Mahendra Jain: Investment will be our like. Okay.

Rishabh Oswal: Yes, that's how all solar installations work. There are professional EPC companies which install. We have around -- even our in-house solar capacity is outsourced to EPC companies. We don't have an in-house team of engineers that can install it.

Mahendra Jain: Correct. Correct. So it's almost, like, any time we can take exit if we don't need to go into that business in future, like?

Rishabh Oswal: Yes, post 1 year of commissioning as per the agreement.

Mahendra Jain: Okay. So the SPV will give exact return what you will get. It will be merged into the parent company only, no, end of the day?

Rishabh Oswal: Yes. Yes, it's a wholly owned subsidiary of the parent company. But as you said, for the next 25 years, if we want to exit this business, it is a much easier process to just transfer an SPV to a new investor rather than doing an asset sale.

Mahendra Jain: Yes. Yes. Because sir, everybody is trying to understand why our valuations are low. I'm not talking about stock price. I'm saying, it's not reflecting exactly the valuation of the business, the brand. Right now, we are seeing new IPOs, any company, they are cooking their books, whatever they are doing, but we are a very reputed company. So it should be, I mean, noticed by investors and all this.

So we have to exercise not exactly -- I'm not advising any buyback, nothing like that, but we should put our investment into high-growth areas and which especially in our core strength, like, in textile or in woolen or whatever. So the expansion we are doing in the right path. So we hope -- and anything regarding to restore confidence of the investors, we have to do sir. So this is the...

Rishabh Oswal: Right, sir, we'll take it your point. And as promoters, we get to gain the most in terms of if we increase the multiple. It is in our best interest to do that. And -- but we've seen a lot of queries regarding this, and we promise to be more proactive about it, and we'll take steps. And by next quarter, you should see something.

Moderator: As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Sandeep Jain: Yes. Thank you so much. I hope we have been able to answer all the questions satisfactory. Even if you have any further questions or anything which you would like to know about the company, please reach out to our IR advisors, Valorem Advisors. Thank you so much.

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