Company Name: Monte Carlo Fashions Ltd.

Quarter under review: Q4-FY26

Monte Carlo Fashions Ltd – Q4-FY26/FY26 Concall Highlights:

Monte Carlo Fashions Ltd. (Consolidated)								
INR In Mn	Q4-FY26	Q4-FY25	Y-o-Y	Q3-FY26	Q-o-Q	FY26	FY25	Y-o-Y
Operational Income	2,803	2,059	36.1%	6,084	-53.9%	12,759	11,004	15.9%
EBITDA	258	57	354.4%	1,657	-84.4%	2,272	1,865	21.8%
EBITDA M (%)	9.20%	2.76%	643 bps	27.24%	-1804 bps	17.81%	16.95%	86 bps
PAT	50	-103	-148.6%	1,070	-95.3%	1,121	812	38.1%
PAT M (%)	1.78%	-5.02%	678 bps	17.59%	-1581 bps	8.79%	7.38%	141 bps
Diluted EPS	2.42	-4.99	-148.5%	51.61	-95.3%	54.05	39.15	38.1%

Operational Highlights:

- Expanded the retail footprint by planning to open 40-45 new EBOs annually across India, with a strategic focus on the Western and Southern regions.
- Continued the retail expansion strategy through compact-format stores ranging between 500-1,000 sq. ft.
- Strengthened the "Cloak & Decker" retail network by adding 2 new EBOs during Q4-FY26, taking the total store count to 24 outlets.
- Maintained robust growth momentum in the Home Textile segment, supported by healthy demand across categories.
- Achieved an impressive 86% growth in gross sales for the "Rock.it" brand during FY26.
- Recorded exceptional growth in the Footwear segment, with gross sales surging 149% YoY, while continuing to scale the category through online channels and select offline formats.
- Delivered strong online momentum with net sales growing 38% YoY in FY26 through the Company's website and external e-commerce platforms.
- Partnered with leading quick commerce platforms including Blinkit, Swiggy, and Zepto to enable deliveries within 30 minutes.
- Collaborated with Salesforce to streamline operations, enhance customer experience, and strengthen long-term customer loyalty through digital transformation initiatives.
- Organized successful trade shows for Pre-Winter Collection order bookings in February 2026 and Winter Collection order bookings in March 2026.
- Expanded international reach through overseas e-commerce platforms such as Joom.com and Stylishop.com for direct and indirect exports.

Key Questions & Answers discussed during the Concall:

- **What drove the strong revenue growth during the quarter and how much was volume-led?** We reported revenue growth of around 36% during the quarter, of which volume growth contributed nearly 12%. We believe the growth was primarily driven by strong traction in summer categories, which continue to grow faster than winter wear categories.

- **What factors are supporting growth in the summer apparel segment?** We believe the key drivers are increasing regional penetration and repeat purchases from our loyal winter wear customers. Our existing customer base is increasingly adopting our summer collections as well.

- **How does management view consumer demand amid inflation concerns?** We currently do not see any major slowdown in consumer spending. However, we believe sustained inflationary pressure, especially due to higher fuel prices, could impact discretionary spending in the coming quarters.

- **What is the Company's outlook on FY27 growth?** We expect to continue delivering double-digit growth in FY27, supported by strong traction across categories including summer wear, footwear, home textiles, and the Rock.it brand. However, we plan to provide formal guidance in the Q2-FY27 call after gaining better visibility on market conditions.

- **What is the update on the Company's renewable energy initiative?** We signed PPAs for around 40 MW with the Madhya Pradesh government and are currently finalizing commissioning and vendor selection. We expect the project to become operational within the next 12 months and begin billing within this financial year.

- **What revenue, profitability, and returns is the Company expecting from the solar project?** We expect the solar project to generate annual revenue of around INR 15-16 crore depending on module generation levels, with net operating margins expected to be around 90%. We expect the plant to operate at full capacity from day one upon commercialization and are targeting a project IRR of around 15-16% over a 25-year period, with potential upside depending on execution and operating efficiencies.

- **How is the Company managing raw material inflation and margin expectations?** We witnessed increases in cotton and wool prices; however, we had already secured a significant portion of raw material requirements before the trade shows and implemented price hikes of around 7-8%. We achieved our targeted EBITDA margin of around 20% including other income in FY26 and expect margins to remain broadly in the same range going forward.

- **What is the outlook for the Footwear segment after the strong FY26 performance?** We are targeting nearly doubling the Footwear turnover going forward, with online channels continuing to remain the primary growth driver. We also expanded into Reliance large-format stores and identified 30-35 larger EBOs for footwear-focused experiments to strengthen offline presence.

- **What is the Company's strategy for international expansion?** We initiated exports to the Middle East on an experimental basis through online channels, shipping around 2,500-3,000 pieces, of which nearly 70% were sold in the secondary market. We remain optimistic about the long-term potential of this business, although geopolitical uncertainty in the region may delay repeat orders by around two to three months.

- **How does the Company plan to utilize its surplus cash balance?** We plan to continue rewarding shareholders through dividends while also deploying surplus cash toward high-return opportunities in solar and BESS projects. We are evaluating additional IPP projects and will only pursue opportunities targeting IRRs of around 15-17% or higher.

- **How is the inventory position evolving?** We reduced inventory days from 169 to 144 despite scaling our online, SIS, and large-format store businesses. We believe inventory levels may remain elevated because inventory ownership continues to stay with us in several channels.

- **Why was the net store addition lower despite the Company opening 40-45 EBOs?** We opened around 43 stores during the year, broadly in line with our guidance. However, we also undertook a one-time correction by closing 14-15 unprofitable stores that had been underperforming for the last few years, which reduced the net store addition. We do not expect similar large-scale closures going forward.

- **How have returns and discounts trended during FY26?** We witnessed product returns increasing to around 17% from 15% last year. However, discounting improved meaningfully, with discount percentage reducing to 9.44% from 10.16% in FY25.

- **How is the Home Textile segment expected to perform going forward?** We expect the Home Textile segment to continue growing steadily, supported by strong trade show response and increasing customer acceptance. We believe the segment's contribution can increase to around 13-14% of overall revenue over time.

- **What is the Company's strategy for scaling quick commerce operations?** We started with Blinkit in Delhi NCR and later expanded through Swiggy into Bengaluru dark stores. We also on boarded Zepto and are in advanced discussions with BigBasket to strengthen our quick commerce presence further.

Key Participants:
- *Sunny Bhadra- Emkay Global Financial Services Ltd*
- *Manan Shah- Moneybee Securities*
- *Ankur Gulati- Genuity Capital*
- *Viraj Parekh- Carnelian Asset Management*
- *Gunit Singh- Counter Cyclical Investments*
- *Sumit Bagaria- SMIFS Ltd.*