MONTE CARLO
It's the way you make me feel

GSTN : 03AAFCM7888Q1ZK
PAN - AAFCM7888Q
TAN - JLDM04272C
CIN - L51494PB2008PLC032059

**MONTE CARLO FASHIONS LIMITED**
**Regd. Office : B-XXIX-106, G.T. Road, Sherpur, Ludhiana - 141003 (Pb.) India.**
**Tel.: 91-161-5048610, 5048620, 5048630, 5048640 Fax : 91-161-5048650**

MCFL/SE/2024-25

November 21,2024

| | |
|---|---|
| **National Stock Exchange of India Limited**<br>**Exchange Plaza, 5th Floor, Plot No. C/1,**<br>**G-Block, Bandra-Kurla Complex,**<br>**Bandra (E), Mumbai-400051.** | **BSE Limited.**<br>**Phiroze Jeejeebhoy Towers,**<br>**Dalal Street,**<br>**Mumbai-400001.** |
| **Symbol: MONTECARLO** | **Scrip Code: 538836** |

**Sub: TRANSCRIPT OF EARNINGS CONFERENCE CALL – Q2 and H1 FY25**

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 November 18, 2024 to discuss Q2 and H1 FY25 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: 2024.11.21 14:18:09 +05'30'

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

"Monte Carlo Fashions Limited

Q2 FY'25 Results Conference Call"

November 18, 2024

| | |
|---|---|
| **MANAGEMENT:** | **MR. DINESH GOGNA – DIRECTOR – MONTE CARLO FASHIONS LIMITED**<br>**MR. SANDEEP JAIN – EXECUTIVE DIRECTOR – MONTE CARLO FASHIONS LIMITED**<br>**MR. RISHABH OSWAL – EXECUTIVE DIRECTOR – MONTE CARLO FASHIONS LIMITED**<br>**MR. R.K. SHARMA – CHIEF FINANCIAL OFFICER – MONTE CARLO FASHIONS LIMITED**<br>**MR. ANKUR GAUBA – COMPANY SECRETARY – MONTE CARLO FASHIONS LIMITED** |
| **MODERATOR:** | **MR. MAHEK SHAH – EMKAY GLOBAL FINANCIAL SERVICES** |

**Moderator:** Ladies and gentlemen, good day, and welcome to Monte Carlo Fashions Limited Q2 FY '25 Results Conference Call hosted by Emkay Global Financial Services. We have with us today Mr. Rishabh Oswal, Executive Director; Mr. Sandeep Jain, Executive Director; Mr. R.K. Sharma, Chief Financial Officer; Mr. Dinesh Gogna. Director; and Mr. Ankur Gauba, Company Secretary. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mahek Shah from Emkay Global Financial Services. Thank you, and over to you, Mr. Shah.

**Mahek Shah:** Good morning, everyone. I would like to welcome the management and thank them for this opportunity. I shall now hand over the call to the management for their opening remarks. Over to you, gentlemen.

**Management:** A very good morning to everyone and thank you all for joining us for today's earnings call to discuss the performance for second quarter and first half of financial '25. Let me start by sharing the consolidated financials and operational highlights.

For the second quarter under review, the company has reported revenues of INR220 crores, representing a growth of 3% year-on-year. We had an EBITDA profit for the quarter of INR28 crores, which has declined 17% year-on-year. Net profit stood at INR8 crores for this quarter, a decline of 40% year-on-year.

Talking about the first half of financial year '25, the revenue from operations stood at INR346 crores, which has marginally declined by 2% year-on-year. EBITDA was around INR26 crores, witnessing a decline of 13% year-on-year, with EBITDA margin reported at 7.52%. Net loss stood at INR5 crores compared to a net profit of INR2 crores for previous year.

Now moving on to the operational performance. Monte Carlo Fashions continues with its endeavour to build a leading branded apparel company, with continued effort to increase its distribution network. The company has added 8 new EBOs in quarter 2 financial '25. With this, the total number of EBOs have reached 430 across 23 states and 4 union territories. Currently, we have 1,611 MBOs and 1,212-plus national chain stores plus SIS.

For Brand Cloak & Decker, the company has opened 3 EBOs and we'll continue to open more in size of 500 to 2,000 square feet. For the coming years, we committed to open 45 to 50 EBOs across India, including West and South. Our online sales to our own website stood at INR3 crores for the first half of this financial year. Our online sales have picked up, particularly from our own website. We have tied with our quick commerce partners like Blinkit, Swiggy and Zepto for up to 30-minute deliveries and have also collaborated with Salesforce to streamline and enhance operational efficiency and driving customer loyalty and experience.

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

**Moderator:** Thank you. First question comes from the line of Saurabh Sartaj with ICICI Life. Please go ahead.

**Saurabh Sartaj:** I would want to know the reason for increase in inventory levels as of September '24 end vis-à-vis September '23. The overall sales in the quarter are almost at the same levels.

**Management:** See, the inventory basically is built up because of the late dispatches, which is happening as winter is a little late this year. So it is showing more inventory on September 30. But once we come in next quarter, so inventory will be lesser than the largest levels, because of late winter starts, the dispatches have been a little late as compared to last year.

**Saurabh Sartaj:** Sir, my follow-up question is like would increasing inventory also see an increase in the number of COCO stores, because last year at September '23 end, they were 97 and now they stand at 128. So what will be the average inventory for each COCO store that we are changing ourselves?

**Management:** If I have clearly understood your question, yes, the one reason is that they have been increasing COCO stores, which also increases the inventory. But at the same time, the major factor is the dispatches have been a little late as compared to last year, and that is why the inventory is more looking in the books on September 30 as compared to last year's levels.

**Saurabh Sartaj:** Okay. And sir, one last, what is the cash balance unencumbered as of 30th September 2024?

**Management:** I think it's INR290 crores.

**Saurabh Sartaj:** INR290 crores?

**Management:** INR290 crores.

**Moderator:** The next question comes from the line of Viraj Parekh with Carnelian Asset Management.

**Viraj Parekh:** A few questions from my end. First being, can we have some kind of sense on the winter outlook this season? Do you see it being late also this year as it was last year? And what is the kind of demand sentiment you're getting from your channel partners?

**Management:** Yes. Winter is a little late as compared to last year. And so that is why our dispatches have been a little delayed. But as far as overall picture is concerned, we see that the sales have now started picking up from last 1 week. And we don't see any reason that we should not be matching our guidance which we have given in the last-to-last conference call. We stick to our guidance of flat revenue growth to single-digit revenue growth in this financial year.

And we see that going forward as we are in November right now, so October has been very good. If we compare across to all the channels, October has been very good. And November, there is now slightly pick up in the sales from last 1 week, and we are very optimistic going forward in this quarter also.

**Viraj Parekh:** Sir, I mean, when we have a primary dispatch, that is when we book the revenue for the quarter, right? So there would be no scope of winter revenue shifting from Q3 to Q4 because of a delayed winter. All our revenue booking will be on dispatches, right? Correct me if I'm wrong.

**Management:** Yes, you're right.

**Viraj Parekh:** Sir, if any kind of -- like, I won't stick you to a number, but some kind of year-on-year quarterly outlook can give for the sales as compared to December '23 in terms of volume or in terms of value because I think our trade show has been good. So, I think you are in a place to help us understand how the Q3 will pan out.

**Management:** I think broadly, we have already given the guidance that we would be -- see, we normally give annual guidance. We don't give quarterly guidance. So broadly, we have given the guidance that we'll be sticking to the earlier guidelines of having the flat revenues in this financial year as compared to last financial year.

And we've also reiterated that the margin would be better in this financial year in this quarter as well as in the next quarter as compared to last financial year because the inventory issue which affected us last year majorly in margins has already been sorted out. So that is a good thing right now. I think we can say that we will be definitely having a flat revenue, but with improved margins.

**Viraj Parekh:** Sir, since you touched upon margins, I know that we look on an annual basis and a cumulative basis. But just for this quarter, I see our other expenses have increased a bit more, which is let's say some pressure on our margins along with our ad spend. So if you can please tell me because other expenses on an overall basis, including ad spend, improved by 25% year-on-year. So, if you could just give me some granular kind of breakup of the increase in the other expenses.

**Management:** The ad spend have increased because we have launched a new commercial. So that expense was incurred in this quarter. But going forward, I think the guidance which remains around 3% of our ad sales is the ad revenue. So that will balance out in the coming quarter and also in the Q4 quarter. So overall other expenses, I don't see any increase as far as other expenses are concerned. Yes, there has been increase in the personnel expenses, which is salary, which is a regular increment, which happens every year.

So definitely, there's increase in that. But I think that will be nullified by the improved margins in the product and lesser inventory we have right now. So overall picture, I can say that the revenue should be flat in this financial year and margin would be better as other expenses would be in control going forward in this quarter and next quarter.

**Viraj Parekh:** Is it possible to give some kind of a range for our margins for the annual -- on an annual basis?

**Management:** See, it will be difficult for us to give you a range as of now because we are in the mid of November, but I think I can give you a better picture once we end this quarter, maybe in the next conference call.

**Viraj Parekh:** Understood. Can I ask 2 more questions, or shall I get back in queue?

**Management:** Yes, sure.

**Viraj Parekh:** Sir, last year, we had an issue in relation to a discounting and returns, right? I mean one thing we point out, because of the demand was weak. Secondly, few channel partners were more on SOR basis. So in terms of correcting our strategy, I was looking at our presentation, the mix of the channel -- revenue mix of our channel partners and then more or less same, especially increase on the EBO side, where it was 7% last H1 and now it's 8%.

However, I think we had a pain a little bit on our LFS partners, which I think we included NCS, the national chain stores. That has remained as it is year-on-year, H1 last year and H1 this year. So can you help me understand how are we improving our channel mix and a little bit more on the discounting and return policy for this financial year?

**Management:** I think the channel mix would more or less remain the same and maybe a little more in case of MBOs and EBOs, a little lesser in LFS, but there will be increase in the online sales in this year as compared to last year. So that is a growth channel mix. What was the second question, which you asked?

**Viraj Parekh:** Sir, last year, we had a little bit early discounts.

**Management:** Yes. So last year, the issue was because of the more inventory, which we were carrying from the last year's levels. So our retailers were having more inventory. So that I think corrective action already been taken by the company. As we told you in the last conference call also, that inventory has already been taken care. And the production of this year has been lesser as compared to last year's level. And also, at this point of time, the stocks at retail level, whether it is EBO or SIS or MBOs, it is lesser as compared to last year's ever because of lesser production we have gone for this year.

So, I don't think there could be any inventory issue going forward, and we have taken all the corrective actions. So, we only look forward at a very good year, particularly next financial year because all these issues have been sorted out in this financial year as well.

**Viraj Parekh:** Sir, will you have a number of our inventory levels right now in winter '24 versus winter '22?

**Management:** See, if you see this inventory of this quarter, basically, first half, it looks more because dispatches have been delayed. But one thing which I can guarantee you with surety is that once we end this quarter, 31st December, you would see that inventory level has drastically come down as compared to last year's levels.

**Viraj Parekh:** Sorry, sir. Let me rephrase my question. I didn't mean that. Not the inventory level of the company, but the inventory level at our channel partners in winter '22 versus winter '24.

**Management:** As of now, though the inventory is more in companies' warehouses because dispatches have been delayed to October, basically from September. But if you talk about the retail levels, even though at retail level inventories, at last year's level, it is lesser than last year's level because of less production and less dispatches from the company. But we'll get back to you with the detailed answer on your -- for this question.

**Viraj Parekh:** And just the last question. You -- as the last participant asking about the cash reserves. I mean we have around INR290 cores cash sitting in our books. Any plan on the -- any plan we have on utilization of cash for increasing the growth prospects going ahead? Or is it too early to call for that?

**Management:** I think it's too early to call for that. The company is already giving a dividend every year, and a part of the cash is being used. So right now, as of now, we don't have any plans for utilization of cash in any other way, but definitely, the company is going ahead with dividend policy. And any other policy which comes up, definitely, we'll let all the exchanges know about.

**Moderator:** Next question comes from the line of Astha Maheshwari with Roka Capital.

**Astha Maheshwari:** I just wanted to know, are you planning to venture out in quick commerce as well? And how much of your revenue comes from online as well as offline?

**Rishabh Oswal:** This is Rishabh this side. So, I'll answer the second part of the question first. So around 7.5% of company's revenue comes from online sales as a whole. And looking at quick commerce specifically, we've just closed 2 deliveries to Blinkit and Swiggy, respectively. And we are also talking terms with Zepto about future collaboration with them.

So, we are experimenting with quick commerce and it's a very new vertical for quick commerce as such. Very few brands have tried. So we are also trying our handsets. And having the strong equity during winter, it was easy for us to get into quick commerce. So let's see, I think by next quarter, we should have an update on the performance of this vertical.

**Astha Maheshwari:** All right. Sir, I just wanted to know how much do you spend as advertising spend during this quarter and the upcoming winter season as a percentage of sales? And what will be the target for this year? I think the demand scenario is being a little muted this time around.

**Management:** Yes. So, as we mentioned before, so we target our advertisement spend at 3% of our net sales on an annual basis, and we'll stick to that target.

**Astha Maheshwari:** Sir, coming to the winter sales, particularly, can we say this winter season will be kind of muted considering the consumer sentiment compared to last year?

**Management:** It should be at par with last year, not muted. And we'll -- because there's less pressure of inventory on us, so this will -- that gives us headroom to offer lesser discounts. So, I think the top line should remain the same as last year, and we should be working on improving our margins this year.

**Moderator:** Next question comes from the line of Saurabh Sartaj with ICICI Life.

**Saurabh Sartaj:** Sir, I just wanted to know what are the actual inventory levels as of October end?

**Management:** We don't have an inventory level of October end as of now. But I think definitely, you can let us -- you can send an e-mail to us, so we can share our inventory level of basically 31st December because right now, the season is going off. So most prudent thing should be that if you look at the inventory level of 31st December this year and last year's levels. So that we can update you by, I think, in the first or second week of January.

**Saurabh Sartaj:** Okay. And sir, next question is like volume-wise, last financial year was subdued. So this financial year volume-wise, could the volumes would be at the same level as last year? Or are you seeing any marginal aspects or any down trends at that volume level?

**Management:** More or less, I think the volumes will remain same. So we don't see any major increase in volume also and also major decrease in volumes. So volumes will almost remain the same at last year's levels. And the revenues will also be same as compared to last year's levels.

**Saurabh Sartaj:** Okay. And sir, one last question is sales return for the last Q2 financial '25 was roughly INR52 crores, which is at similar level as Q2 FY '24, which was INR58 crores. So is it still high? Is there any rationalization that you're expecting going forward? And what is the appropriate level that you want to achieve in sales return parameters?

**Management:** No, I think it is lesser than last year if you see at the full first half. And we anticipate that going forward in this quarter and last quarter also, it will be lesser than last year's level. So there is no benchmarking of basically how much sales returns we could have in this season. But our intention is that we should be at least 10% less as compared to last year's levels in sales returns.

**Saurabh Sartaj:** Okay. Yes, you have already answered it. It will be beneficial if October inventory levels could be shared in some point in this conversation.

**Management:** Yes, sure. We'll do that.

**Moderator:** Next question comes from the line of Keshav Garg from Counter Cyclical PMS.

**Keshav Garg:** Sir, last call, you mentioned about margin improvement in this financial year by approximately 100 to 200 basis points. But sir, if we see for the first half, our margins, our EBITDA has actually gone down from INR21 crores last year H1 to INR12 crores in this year H1. Sir, I mean, are you confident that for the full year will be -- I mean in H2, the growth has to be significantly more year-on-year to compensate for the lower margins in the first half?

**Management:** See, if you closely look at the figures of first half, the major impact was basically advertising. So advertising will even out in third quarter and fourth quarter. So that effect will be nullified. And also, we had a high-value dispatch, which normally happens in this quarter as compared to second quarter. So that would again improve our margins. So we are very confident that whatever we have stated earlier in our con call that there can be 100 basis points of margin improvement. So as of now, we don't see any challenge in doing that because October has been very good, and November has just picked up because of now the winters have started in Northern region.

So going forward, the one thing which is -- improvement in inventory. So last year, while margin went downwards because we were sitting on a large inventory. For that, we needed to push the inventory to higher discounts and higher discount sales. And also, there were higher returns. So those things have been taken care of. So that is giving us the confidence that this year, we will have no inventory issue and also the discounting should be lesser than as compared to last year's level. So that will help us in improving the margins going forward.

**Keshav Garg:** Right, sir. And sir, if you compare with our peers, like, for example, if we see Cantabil Retail, sir, they have basically maintained their margins. And sir, like if we compare our performance, do I understand our winter wear contributes more? But they're -- our EBITDA has fallen from INR220 crores peak in FY '23 to almost INR140 crores in trailing 12 months, whereas sir, they are stable at -- they did INR165 crores in FY '23 and they are doing INR172 crores. So they have not expected -- I mean, experienced any fall neither in the margins and sir, actually, their revenue has actually increased. So at least in the non-woollen wear we should be, I mean, comparable with them?

**Management:** See, Cantabil operates only in 1 channel, that is EBO channel, and they don't operate in LFS or in MBO channel. So we operate in all the channels. So sometimes we got impacted in one channel and other channel is performing well. So EBO has been doing well. So there has been some impact of inventory at our LFS and MBO last year. So I think those impacts have now been taken care of.

So going forward, as we have already stated that we will be having improved margins as compared to last year's financials level. And I can't comment on Cantabil's performance because I can only comment about our performance that we'll definitely be improving our performance as compared to last year and this year.

**Keshav Garg:** Right, sir. And sir, our right to use assets and our rental expenses continuously increasing. Sir, so how many more company-owned stores we plan to open and why aren't we exploring franchisee -- owned, franchisee, operated -- or franchisee, owned, company-operated stores so that our fixed expense can reduce?

**Management:** See, we have stated earlier also that the blend of company-owned stores and the franchise should be around 10% to 15% of the company-owned and the balance should be franchise stores and as it reduces our capex also. But at the same time wherever there are opportunities where franchises won't be able to make money out of it as there are some higher rentals in some locations, whether it is in malls and high streets, so companies go and prefer to have their own outlets, first of all, to increase their awareness in that area where it has high footfalls.

And secondly, we don't want to lose a chance to be present in that area, which attracts higher footfalls. So that is why a company go and open their own outlets in those areas. We have opened basically more in Delhi and South where the rentals are high. And also South, we're not able to find franchisees who can invest in our brand right now. So that is the reason that our company has gone for a company-owned outlets in these areas.

**Keshav Garg:** Sir, and lastly, if you could give us some idea about the receivables and margins in the different segments, different sales channels like, for example, online franchisee-owned, franchisee-operated, company-owned, company-operated multi-brand outlet and large format stores. Sir, how does our receivables and our margins, they vary in each of these segments?

**Management:** See, for us, we can't share it in a public domain. It is something which is discussed internally in our management. But we can give you a broad idea of all the channels, how they operate, and we can send an email to you. If you can please give us your email address.

**Keshav Garg:** Sure, sir. We can do that. And sir -- but sir, in general, if you could tell us where the margins and receivables are higher or lower, sir, so that we know that as the sales mix changes, sir, for example, as the contribution of online keeps on increasing, should the margins keep on reducing? And should the receivables keep on increasing? Or like what to expect with the change in product mix? That's what I was trying to understand.

**Management:** I'm glad to hear that the online have higher margins than the rest of the channels. So there is no worry about that. Online sales are increasing. It is only adding to our margins because we have a same policy of same pricing across all the channels. So as far as total margin layout is concerned, so there has been a difference of 100 to 200 basis points across all the channels. So that is not a major difference, I think, on all the channels and the company is basically playing in all the channels almost at the same margin of difference of 100 to 200 basis points.

**Keshav Garg:** And sir, what about the receivables? Are the receivables higher in online?

**Management:** The receivables are basically more in MBO and SIS segment because we have a 90-day payment basis. But in case of online, LFS and EBO are sales-based. So as the sales happens, the receivables comes first.

**Moderator:** Next question comes from the line of Viraj Parekh: with Carnelian Asset Management.

**Viraj Parekh:** Sir, just another follow-up, which you already addressed twice before on the advertisement expenses. I was just looking at the quarterly trend. We already spent around INR19 crores of ad expenses in the first half. Now as I see the last 2 years, the H2 has had a higher share of ad expenses compared to H1. So how are we supposed to look at it? Will we be like capping our ad expenses of INR35 crores? Or is there a high possibility for that to reach to go above INR45 crores, INR50 crores?

**Management:** Thank you, Viraj. So no, there's no plan of increasing up ad spend to the levels of INR45 crores to INR50 crores. There are 2 reasons why you see higher spend in advertisement in the first. First is that we've produced a new campaign for our winter collection as well as our summer collection. So all the cost of that production has been added into our first quarter.

Second, being heavy on winters, the management took a deliberate call to spend extra during the summer season to promote our summer categories more as we don't need that much advertisement during winter as we need during summers for education of our customers. So that is the reason as you see highest trend in the first half. But on an annual basis, we maintain our guidance of 3% of total revenue.

**Viraj Parekh:** And just another question. A few quarters ago, we launched a shoe collection. So just wanted to understand how are we doing on that front? And what are the plans going ahead to scale on that?

**Management:** So Viraj, when we launched footwear, we sent -- we did a pilot run. We sent it to around 40 of our EBOs. But we soon realized our EBOs were not -- the store design was not accustomed for selling a pair of shoes. Then we took a call that we will focus online, and I'm very happy to tell you, on an average, we're selling 150 to 200 pairs per day online. This is with minimal advertisement. And the first round of shoes that we have got, we have sold that out. We've ordered a second round of around 20,000 pairs, which should be coming in the next 2 to 3 months.

**Viraj Parekh:** Can we quantify the revenue from footwear in H1?

**Management:** Yes. So year-to-date, we've done around INR3.4 crores of revenue from footwear.

**Viraj Parekh:** And for the quarter?

**Management:** Quarter, one second. Out of that, INR2.15 crores has come from the last quarter.

**Viraj Parekh:** Understood. And we see this reaching around INR10 crores or INR70 crores by this end of financial year?

**Management:** No. I don't think it will reach INR10 crores this financial year. We can target INR10 crores for the next financial year. This year, we are still not in a position to give you a definite number on this.

**Moderator:** Next question comes from the line of Gunit Singh from Counter Cyclical PMS.

**Gunit Singh:** So sir, our revenues in H1 have been flat or slightly lower year-on-year and you're guiding for a flat revenue in FY '25. So sir, I would like to understand number of EBOs have gone up by about 15% year-on-year. So I mean what is the reason that you're still guiding flat revenues, I mean, despite EBOs going up? And also, sir, I observed that our number of MBOs have -- the volume has fallen from 1,774 to 1,611 year-on-year. So what is the reason for fall in MBO and distributors?

**Management:** So that is why we are saying that we'll be having a flat revenue growth because there has been a declining trend in the like-for-like sales in the first 6 months. So we see that there could be a decline of around 3% to 4% as far as like-to-like growth is concerned. That is why with the addition of EBOs, we will like to compensate in the growth, which has been declining in EBOs. And also, there has been some decline in the SIS and MBO also, in LFS also. So that would -- addition of EBOs and addition of online sales would compensate that. So that is why we are guiding for a flat revenue growth in this financial year.

**Gunit Singh:** Why has the number of MBOs and distributors declined about 10% year-on-year? What is the reason?

**Management:** Yes. So what happens in MBOs, MBOs are basically small mom-and-pop stores. And as you see more and more of these MBOs are getting converted into bigger formats, which are known as shop-in-shop. We have around 250 of the shop-in-shops in our company right now. All of them have been converted from MBO to shop-in-shops and the penetration of these small MBOs are decreasing day-by-day.

Also, there are around 50 to 60 MBOs that the company closes because of bad payment issues or the business being too small. We are trying to focus more on bigger shop-in-shop and large format rather than small mom-and-pop store, which do an average annual revenue of 10-plus lakh rupees a year. So we are focusing more on bigger customers rather than on smaller customers. And going forward, we foresee the number of MBOs getting reduced more, but the average billing per MBO will increase. So that is how we look at it.

**Gunit Singh:** All right. And what would be the drivers of growth going forward? I mean which channels would we be focusing on? And I mean what kind of guidance do we have in terms of adding more EBOs in FY '25 and guidance for FY '26?

**Management:** I think clearly, the focus is on all the channels because all the channels have been performing well, as rightly said by Rishabh. So focus would be on the SIS where we are having higher sales as compared to smaller MBOs and focus would remain on the EBO channel also. We are already given a guidance of around 40 to 50 EBO stores in this financial year. And there have been increase in online sales because of the addition of quick commerce also, which is rightly I think told by Rishabh in the earlier question which was asked.

So the focus will remain on all the channels, which have been growing. And we see that going forward in the next financial year, we're even more confident as far as Monte Carlo is concerned. And we anticipate going forward that we could have a double-digit growth next financial year, because whatever problems have been there last year's inventory levels, this year's inventory levels and other things, they have been taken care of. So we have enough growth drivers for the next year to go for double-digit growth.

**Gunit Singh:** Sir, I mean, I would like to understand in case the demand for next year remains the same, and I mean in terms of revenue. So I mean with the kind of efforts that we are putting in, in terms of increasing our EBOs or other channels, I mean what kind of growth should we expect I mean just considering that the demand remains the same in terms of the effort that we're putting in, I mean the internal projections that we have?

**Management:** See, we see the market will grow going forward next year because right now, we have been impacted by the inflation, which is impacting all the consumers around India. So I think that once we have some interest cut rates from the RBI and also inflation comes down, demand will definitely improve. Everyone is looking at India very seriously. So we don't see any reason why the demand will not grow next year.

And then the demand growth definitely will be outperforming and will be growing double digits as we have -- I think most of the things which we were discussing last year have been sorted out, like inventory issues, like higher returns, like discounting and all. So we have learned a lesson from all these things, which has happened last year. And we have -- there have been no shortage of efforts from our side. So I am very confident that the results will also follow in the due course of time.

**Gunit Singh:** Got it, sir. Just for modelling purposes, I mean I want to understand just if you consider that. I mean same-store growth remains flat and everything remains flat, and demand remains the same. So I mean with the kind of effort that we are putting in, in terms of growing EBOs, MBOs, online channel, I mean with everything else flat, what kind of growth should we expect just by the effort that we're putting internally, I mean, for modelling purposes?

**Management:** Even though with a lot of pessimistic view, if we have that, everything remains same, still we'll be able to grow around 10% next year.

**Gunit Singh:** All right. And along with that, you are expecting better demand and better inventory situation. So I mean with better margins and better demand, we should do better than that only as per expectation?

**Management:** Of course, yes.

**Moderator:** Ladies and gentlemen, we have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

**Management:** Thank you all for participating in this earnings con call. I hope we have been able to answer your questions satisfactorily. Still if you have any further questions or would like to know more about the company, please reach out to us at our IR manager at Valorem Advisors or email us at investor@montecarlocorporate.com. Thanks a lot.

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