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MANDHANA RETAIL VENTURES LIMITED

Earnings Presentation

Q 4 a n d F Y 1 7

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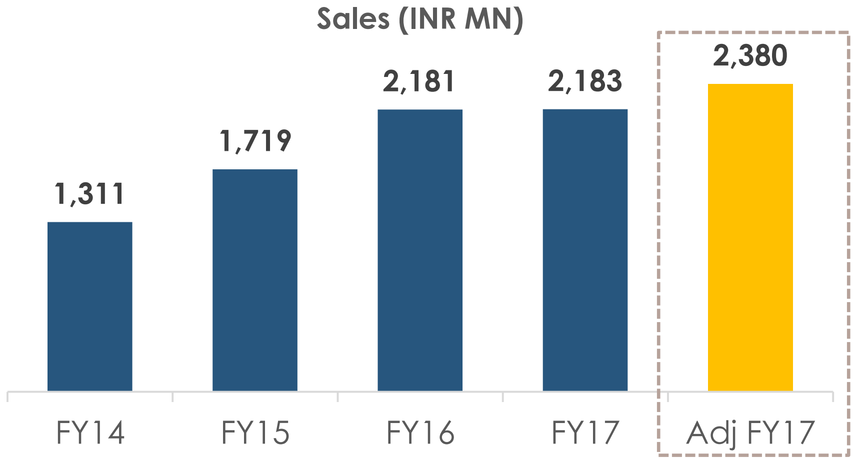
Mandhana Retail Ventures – FY17 Highlights

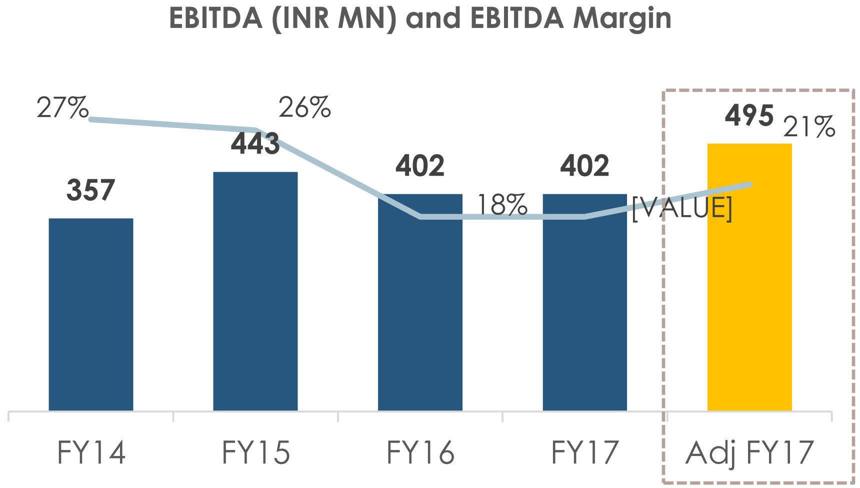
Operational Highlights

- **Opened 6 new stores in FY 17**
  - 2 EBOs and 4 franchisees
  - Currently operating at 418 Domestic Selling Points compared with 346 in FY16
- **Large and growing loyalty base of 4.65 lacs customers**
- **Sale of 185.4 mn on 27th Dec - Salman Khan's Birthday**

Financial Highlights

- Revenue of **Rs.2,183 mn**
- EBITDA of **Rs.402 mn**
- Strong **EBITDA margin of 18.41 %**
- Advertisement cost continues to remain **low at 3.51 % of revenue**
- Strong balance sheet with negligible debt - **Term loan of Rs. 21.25 mn**





Accounting Policy Change and One - Offs

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Accounting Policy Change

Current Accounting Practice for Sales Return

- The company follows two seasons and accordingly Sales Returns were received only once the season was over i.e. Q2 and Q4
- These returns were accounted for on an actual basis and revenue was accordingly adjusted
- As a result the topline in those quarter were not entirely reflective of the actual performance of the period.

Revised Accounting Practice

- In order to ensure prudent accounting, from Q4 onwards the company started adjusting sales return on an accrual basis
- Provisions will be made every quarter for expected returns, which will be reflected in the revenues; thereby giving a more realistic picture of that quarter’s performance. Historically, the sales returns have been c.10%-12%
- This practice also reduces the mismatch on the cashflows
- This is also the recommended practice under IND AS, which the company will adopt in FY18

Income Tax One - Off

- The company received the order for de-merger in March 2016
- Post which the process of listing TMRVL as a separate entity started
- Since the new company was not yet formed, it was difficult to ascertain the exact amount of tax liability and as a result the company was unable to make the advance tax payments
- Post the computation of tax liabilities, a payment of Rs 240 mn was made for income tax, which included a one-off interest cost on account of delayed payments of Rs. 18 mn.
- The one –off adjustments have been included in the Finance cost for the quarter.

Key Financial Highlights

INR Mn; except as stated	FY17	FY16	% Change
Revenue	**2,183**	2,181	0%
Other Income	**11**	12	-14%
Total Revenue	**2,194**	2,194	0%
Total Expense (ex.Advt exp)	**425**	359	18%
Advertisement Expense	**77**	95	-19%
EBITDA	**402**	402	0%
EBITDA Margin	**18.4%**	18.4%	0%
Finance Cost	**47**	44	7%
Profit Before Tax	**321**	328	-2%
Tax	**120**	114	6%
Net Profit	**200**	214	-7%
EPS (Rs/Share)	**9.07**	9.70	-7%

- **Revenue for the year ended 31st March 2017 is net of provision for sales returns of Rs. 187 mn**

Adjusted Income Statement

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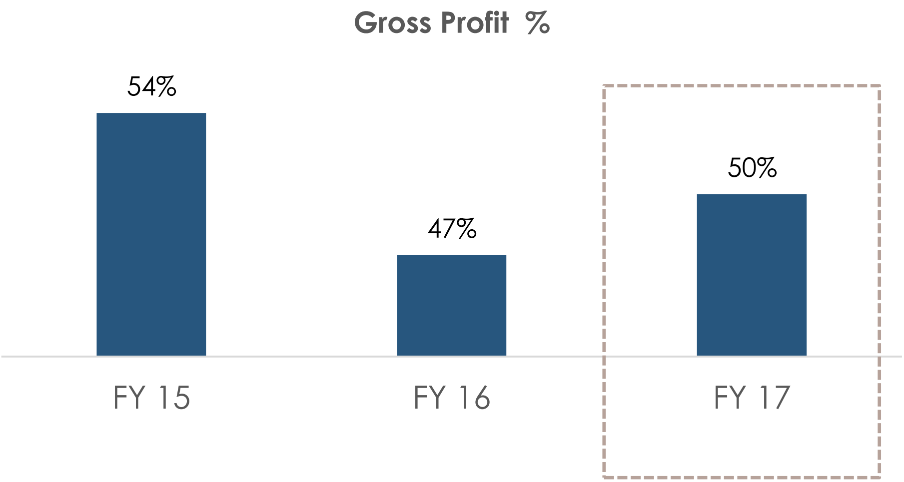
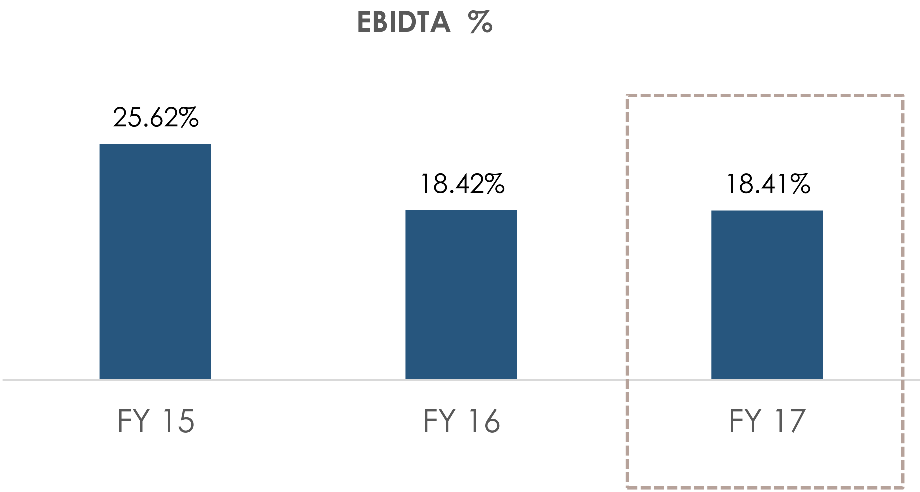
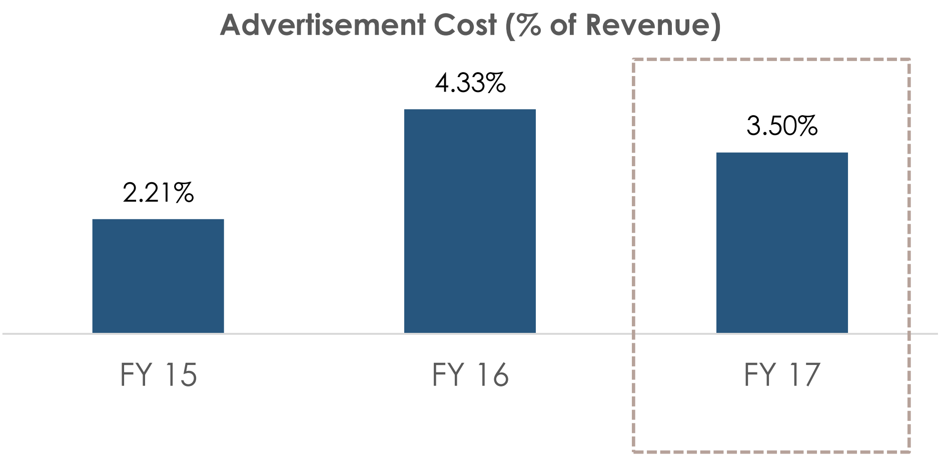
INR MN except as stated

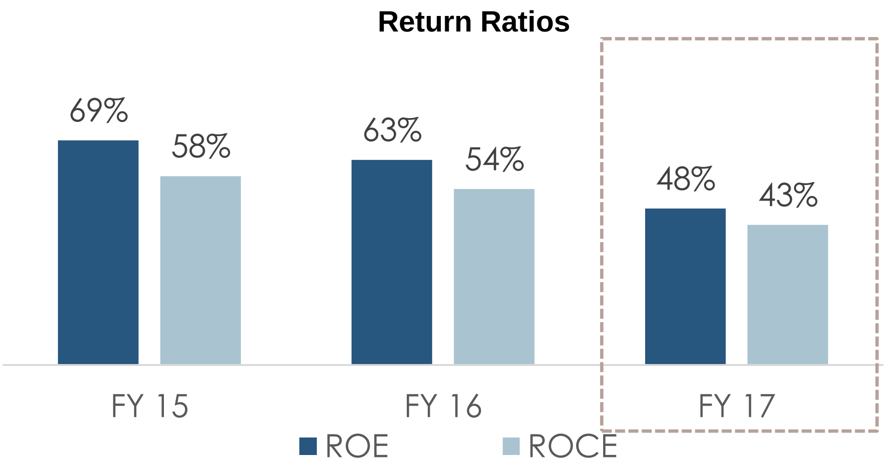
Particulars	Q4 2017	Q4 2017	Q4 2016	FY 17	FY17
	Audited	**Adjusted**	Audited	Audited	**Adjusted**
Total Income	376	**562**	566	2,194	**2,380**
EBITDA	-41	**53**	82	402	**495**
PAT	-66	**14**	42	200	**278**
EBITDA %	-10.79%	**9.40%**	14.38%	18.32%	**20.81%**
PAT %	-17.18%	**2.41%**	7.40%	9.13%	**11.69%**
EPS	-2.92	**0.61**	1.90	9.07	**12.60**

Key Performance Indicators



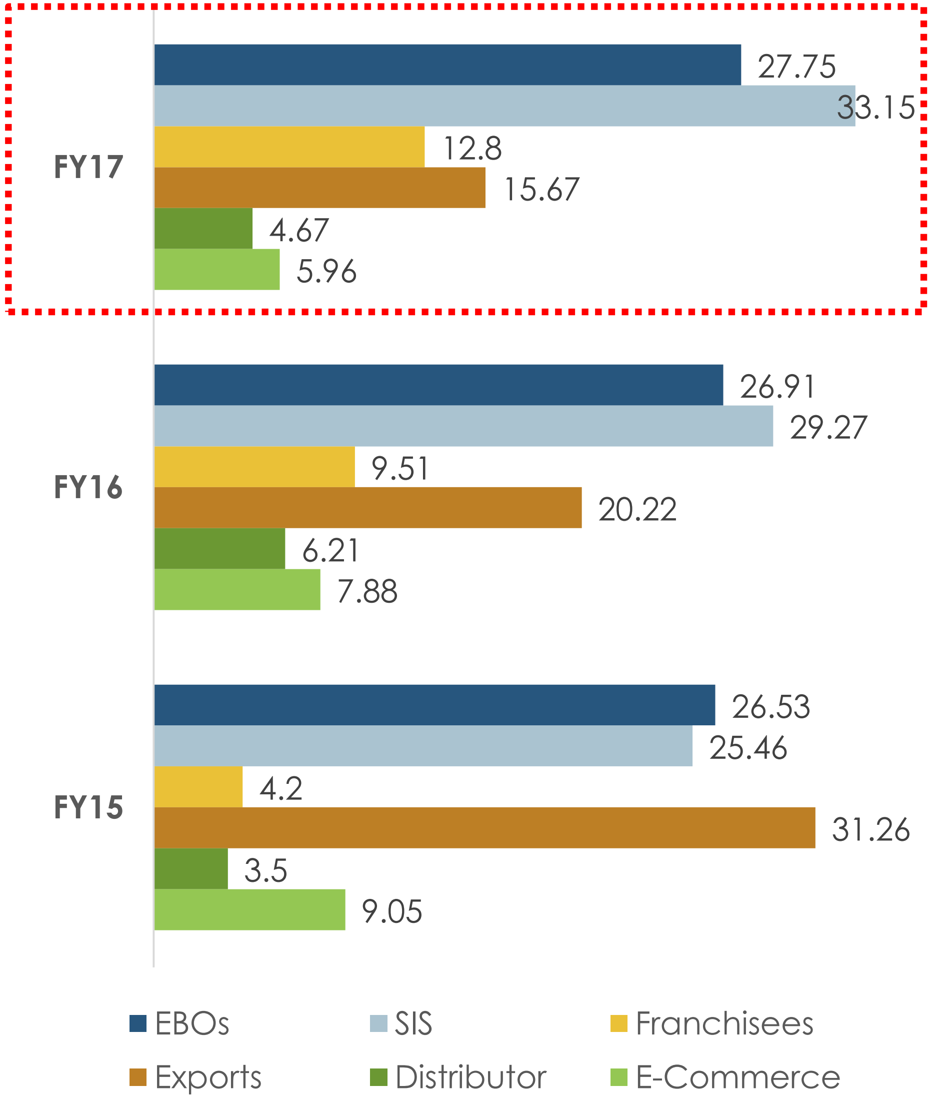






Channel Wise Contribution

Category Wise Sales (%)



FY17 Update and FY18 Outlook

EBO and Franchisees

- 6 New Stores Opened in FY17
- The company plans to open 20 new stores through EBOs and Franchisees. The focus will be on Tier 2 cities.

SIS and Distributors

- Added 66 new SIS/Distributors in FY17
- The company plans to significantly new points of Sales through these 2 channels. Currently the largest SIS partners are Shoppers Stop and Lifestyle

E- Comm

- Myntra is currently the largest E-Commerce partner. Looking for tie-ups with other large retailers.

Exports

- Middle East and France continue to remain strong
- Looking at Tie-ups with large retailers in US and South East Asia

Cash flow Analysis

In INR MN (except as stated)	FY 17	FY 16
Cash Flows from Operating Activities	72	314
Net Profit for the period	321	327
Add/Less: Revenue Adjustment	80	74
Add/Less: Working Capital Adjustment	-88	-87
Less : Income tax paid	-241	--
Cash Flow From Investing Activity	-35	-59
Purchase of Fixed Assets	-35	-59
Cash Flow from Financing Activity	-35	-259
Change in Non Current Liabilities	-15	-215
Adjustment for Revenue Items	-20	-44
Cash and Cash Equivalents beginning of the year	3	6
Cash and Cash Equivalents end of the year	5	2

Balance Sheet

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Equity and Liabilities (INR mn)	FY15-16	FY16-17
Share Capital	0.5	221
Reserves and Surplus	636	616
Net Worth	**636**	**837**
Non Current Liabilities		
Long Term Borrowings	21	0
Deferred Tax Liabilities	4	0
Other Non Current Liabilities	90	94
	115	**94**
Current Liabilities		
Short Term Borrowings	53	59
Trade Payables	297	412
Other Current Liabilities	158	47
Short Term Provisions	220	130
	727	**648**
Total: Equity and Liabilities	**1,478**	**1,579**

Assets	FY15-16	FY16 -17
Non Current Assets		
Fixed Assets	**247**	**249**
Tangible Assets	242	244
Intangible Assets	5	4
Capital WIP	0	1
Long term loan and advances	**156**	**173**
Current Assets		
Inventories	400	394
Trade Receivables	661	744
Cash and Cash equivalents	2	5
Short Term Loans and Advances	8	5
Other Current Assets	5	9
Total: Current Assets	**1076**	**1157**
Total Assets	**1,478**	**1,579**

Strategic Priorities FY18

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- Renewal of Brand Agreement Beyond 2020
- Improve Domestic Penetration especially in Tier 2 cities
- Expand Geographical Footprint – US and South East Asia key area of focus
- Improve Operational Efficiencies

Our Ethos

100%

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