



INDIAN TERRAIN FASHIONS LIMITED

Q3FY19 PERFORMANCE HIGHLIGHTS | FEBRUARY 2019



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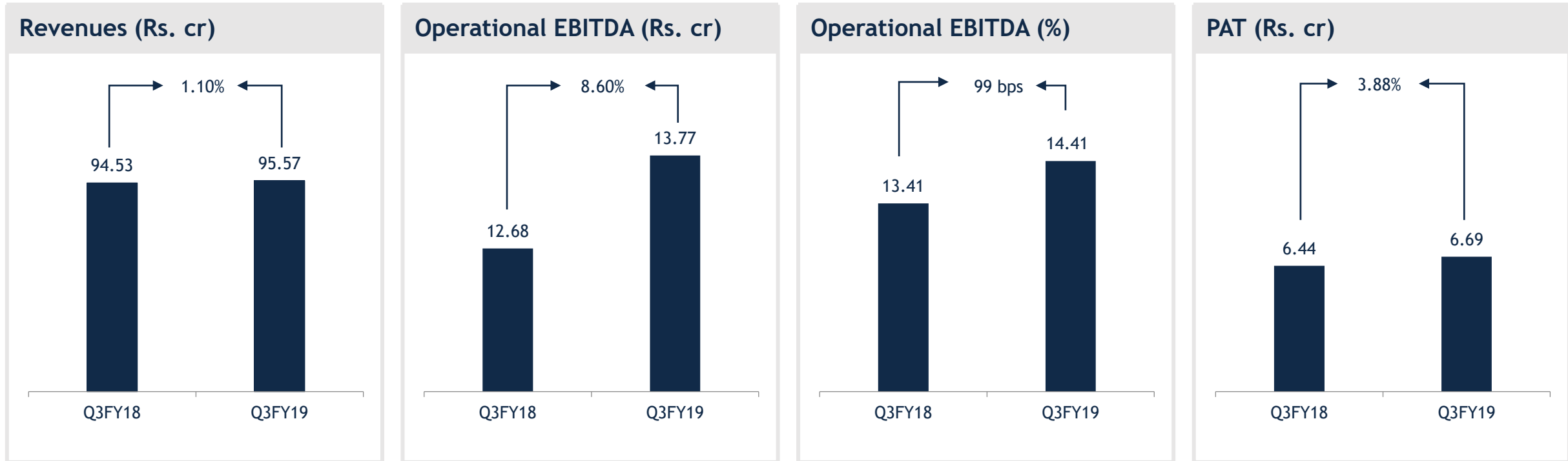
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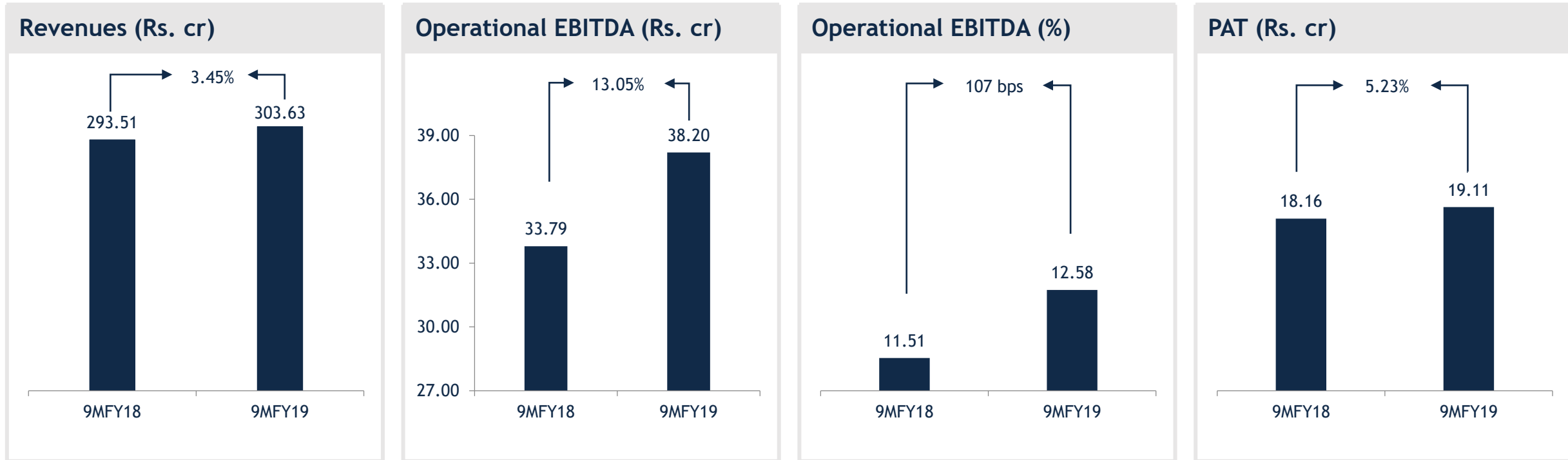
Result Highlights

Q3FY19 Financial Highlights



- Revenues at Rs. 95.57 cr, growth in revenues at 1.10%
- EBITDA margin expansion by 99 bps

9MFY19 Financial Highlights



- Revenues at Rs. 303.63cr; growth in revenues at 3.45% in 9MFY19
- EBITDA margin expanded by 107 bps



Q3 & 9MFY19 Snapshot



Revenues

- Strong growth in LFO Channel @ 11%
- EBO @ 11% growth on the back drop of a good festive season
- E Commerce growth continues to be robust @ 50% on a low base, Continues to be a focus channel for Boys
- Decline in MBO channel on conscious decision to down stock pipeline to facilitate migration to Distribution channel from SS19
- Overall a flat revenue growth for the quarter on account of decline in MBO Channel

Operational EBITDA grew at 8.6%

- Continued focus on keeping operating costs low
- Calibrated discounts during Q3 despite markets in general being deeper in discounts/Promotions
- EBITDA growth @ 9.7%. EBITDA margins up by 99 bps
- PAT @ 6.7Cr, growth of 3.9%

P&L highlights



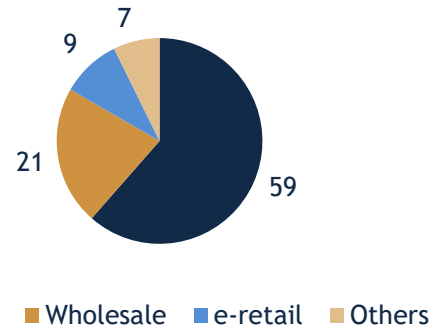
Rs. cr	Q3FY19	Q3FY18	Change (%)	9MFY19	9MFY18	Change (%)
Revenues	95.57	94.53	1.10	303.63	293.51	3.45
Cost of Materials	0.12	4.40		1.43	34.08	
Purchase of Finished Goods	32.77	32.51		153.16	98.93	
Change in Inventories	21.76	12.98		27.32	25.98	
Garment Processing Costs	0.39	3.52		1.89	18.70	
Employee Benefit Expenses	6.65	7.68		21.27	22.05	
Other Expenses	20.11	20.76		60.36	59.98	
Total Expenses	81.80	81.85	-0.06	265.43	259.72	2.20
Operating EBITDA	13.77	12.68	8.60	38.20	33.79	13.05
Other Income	0.47	0.30		1.71	1.66	
Gross EBITDA	14.24	12.98	9.71	39.91	35.45	12.58
Finance Costs	2.54	1.72		6.49	4.52	
Depreciation	1.41	1.40		4.03	3.15	
Profit Before Tax	10.29	9.86	4.36	29.39	27.78	5.80
Tax Expenses	3.60	3.42		10.28	9.62	
Profit After Tax (before other comprehensive income)	6.69	6.44	3.88	19.11	18.16	5.23
Other Comprehensive Income (net of tax)	(0.09)	0.00		(0.11)	0.04	
Total Comprehensive Income	6.60	6.44		19.00	18.20	



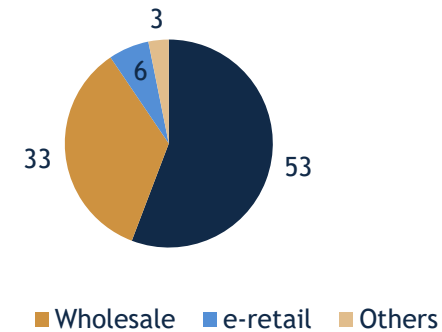
Revenue contribution



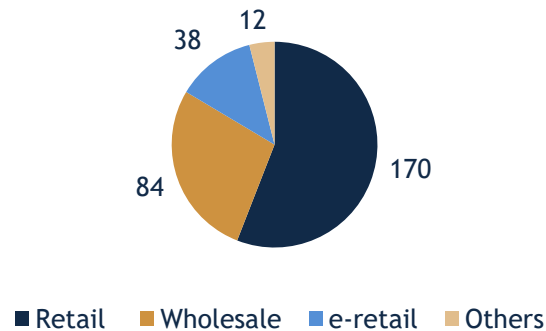
Channel mix - Q3FY19 (Rs. cr)



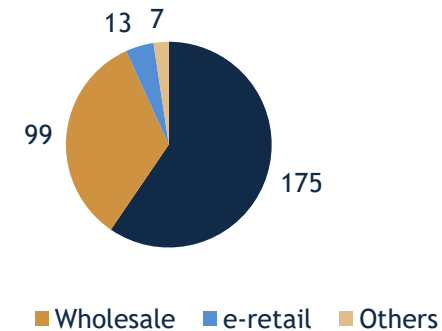
Channel mix - Q3FY18 (Rs. cr)



Channel mix - 9MFY19 (Rs. cr)



Channel mix - 9MFY18 (Rs. cr)

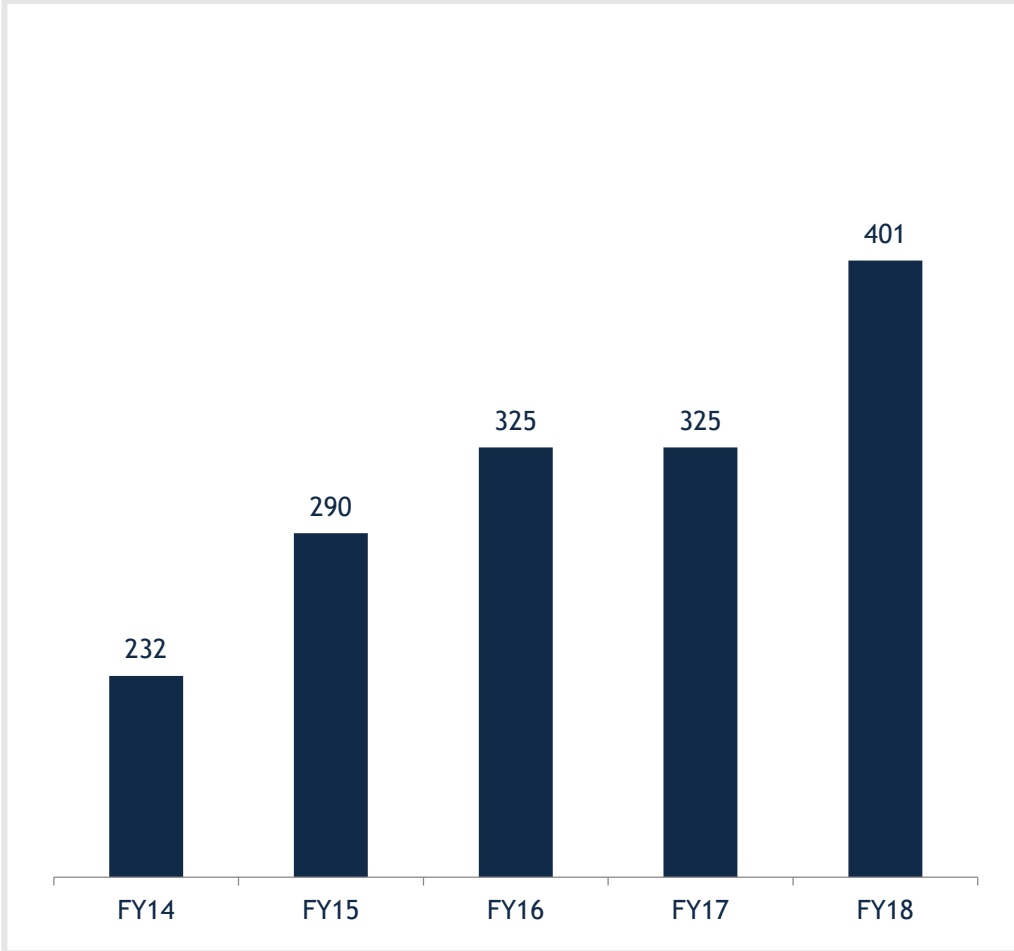




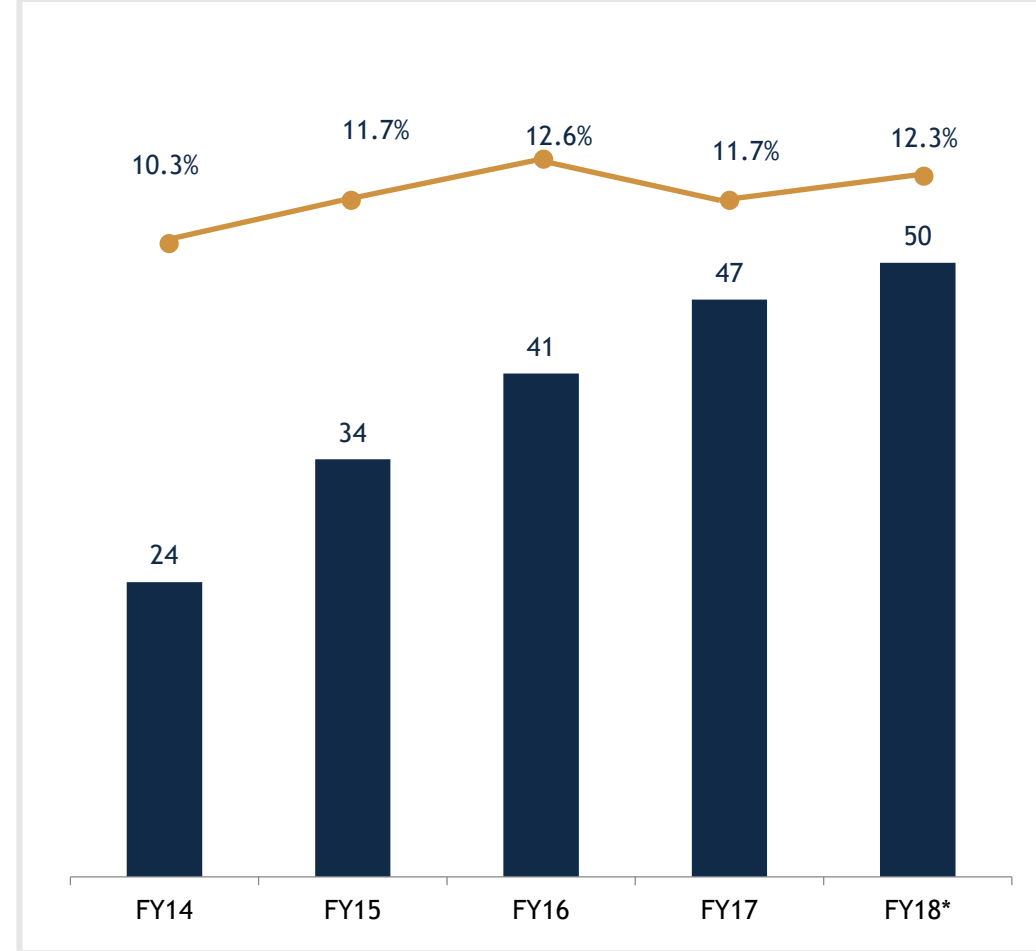
Performance overview



Revenues (Rs. cr)



Operating EBITDA (Rs. cr) & Margins (%)



*EBITDA of FY18 excludes one time GST impact of Rs. 1.71 cr



Exclusive Stores

Region	Opening as on 1 st Oct	Additions	Closure / Converted	Closing as on 31 st Dec
South	77	4	2	79
West	31			31
North	27	2	3	26
East	14			14
Out of India	1			1
Total	150	6	5	151



Region	Closing As on 31 st Dec
COCO (Company Owned Company Operated)	19
COFO (Company Owned Franchisee Operated)	35
FOFO (Franchisee Owned Franchisee Operated)	93
EFO (Exclusive Factory Outlet)	4
Total	151



* Store count - 151 under direct management + 6 stores under distributor management

Distribution Network



157
Exclusive Outlets



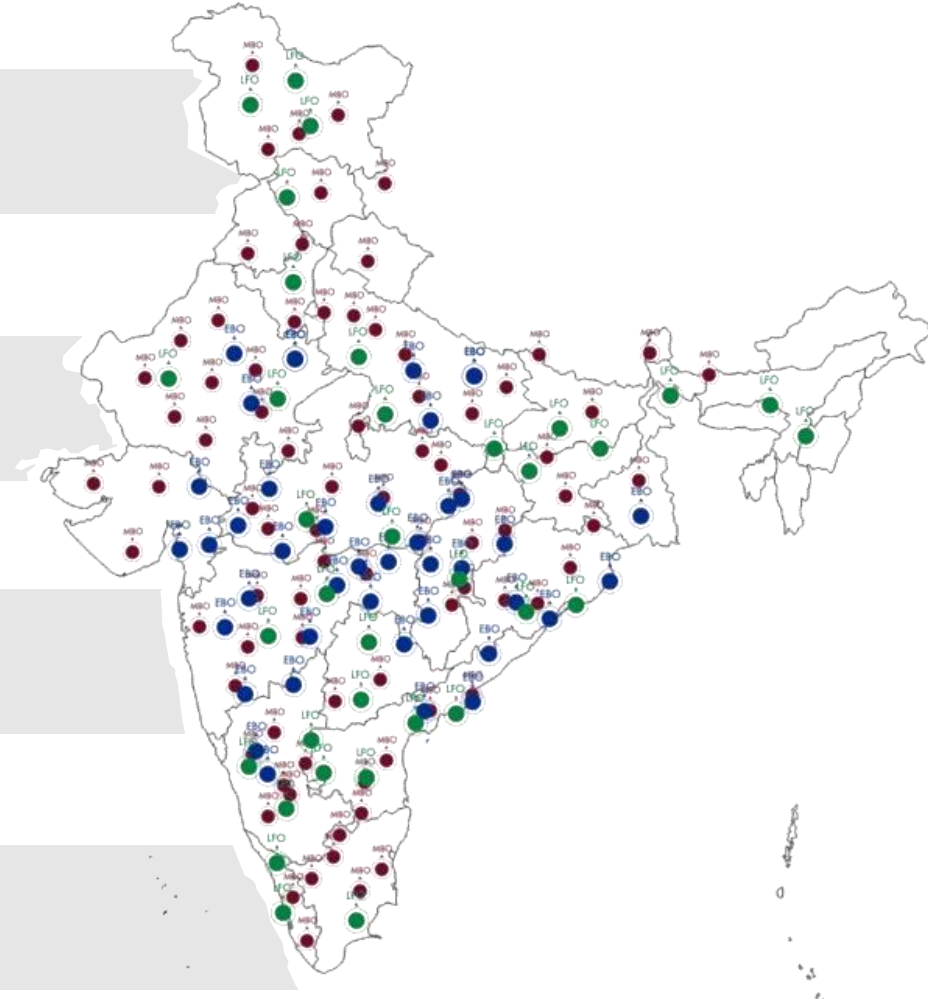
380+
doors in Departmental Stores



1400+
doors under Multi Branded Outlets



7+
Ecommerce Partners



PRESENT ACROSS 250+ CITIES THRU DIFFERENT FORMATS



New store launches



Hubli - EBO





New store launches



IT Mancherial - Telangana - EBO





New store launches



Patiala - EBO





New store launches



Valasaravakkam - EBO

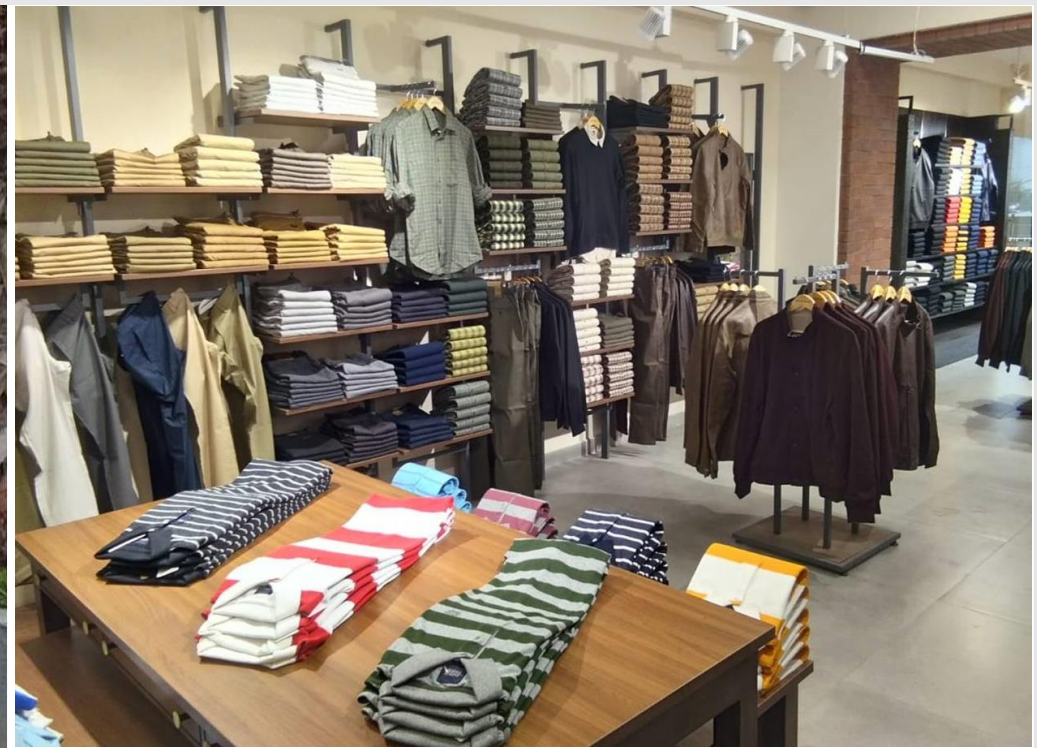




New store launches



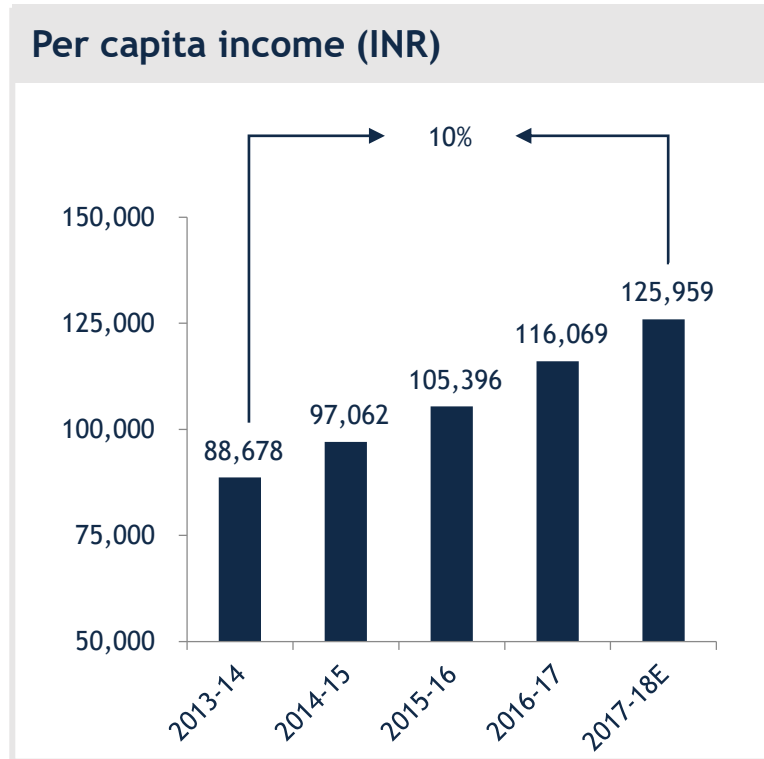
Zirakpur - EFO



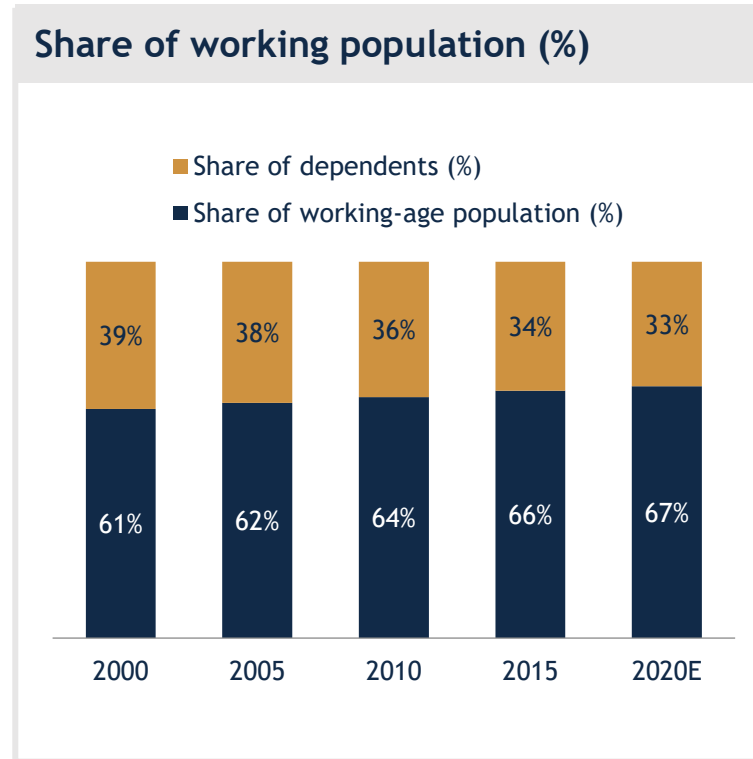


Outlook

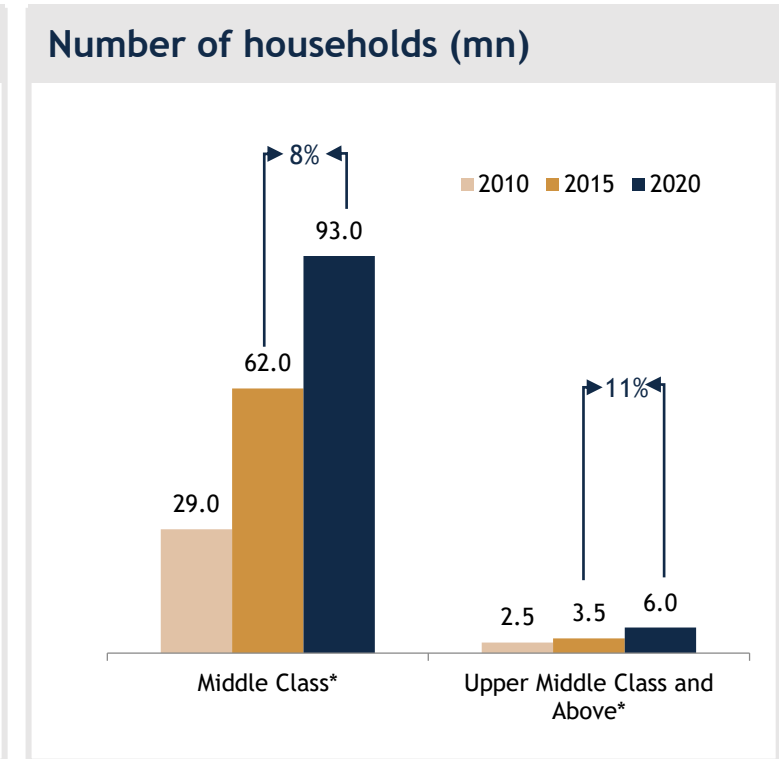
Organized retail to benefit from favourable demographics



Steady growth suggests rising spends



2/3rd Indians in working-age with median age of <28 years



Rise in number of households in Middle and Upper income class

Sources: MOSPI, UN Reports, CSO, Industry research. PCI at current prices

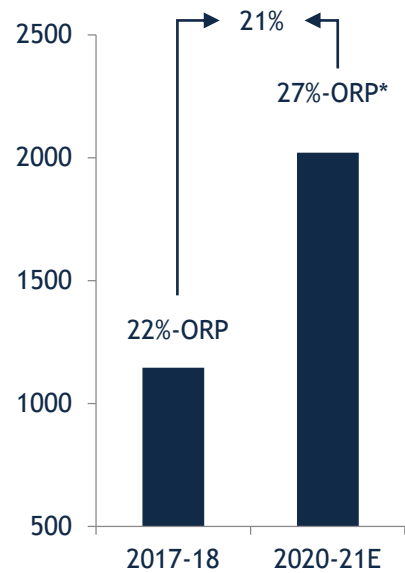
*Middle class: INR 2-10 Lakhs *Upper middle class and above: INR10 Lakhs+



Sustainability in industry growth over longer haul

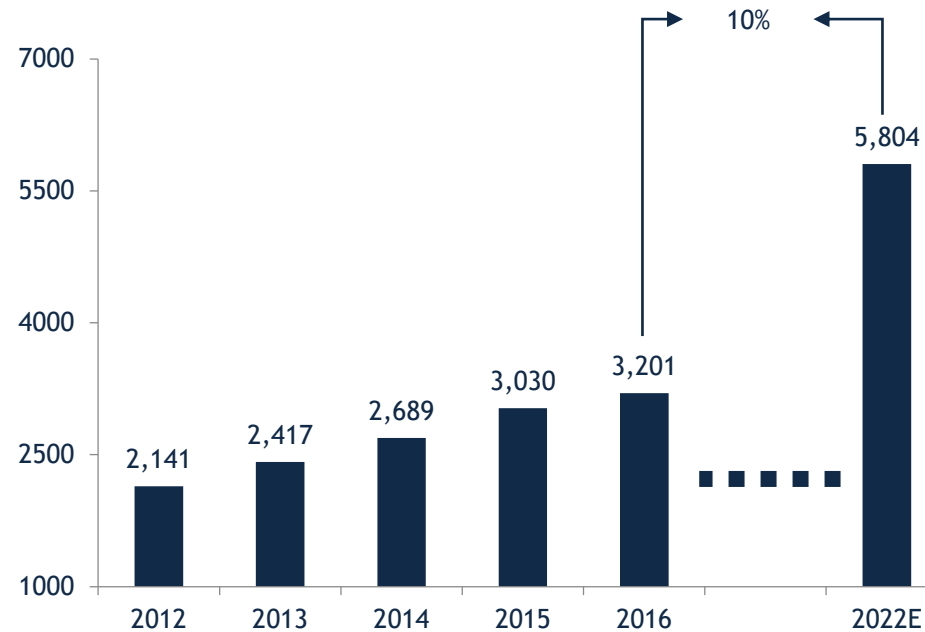


Organized Apparel Market Size (INR bn)



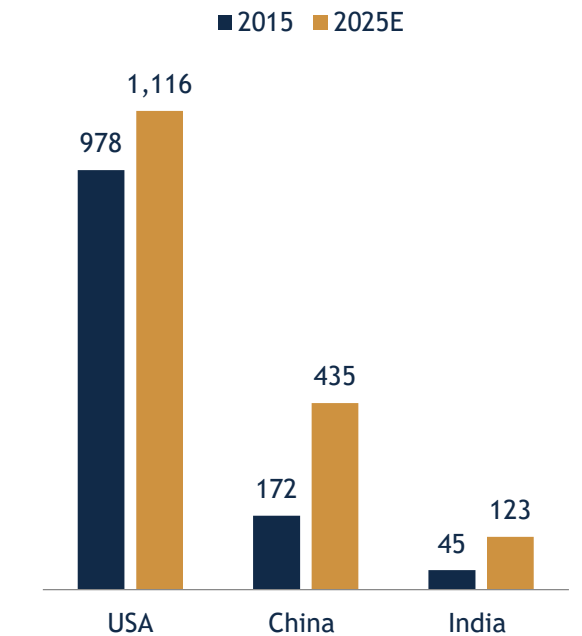
Organized retail market to be INR 2,021 bn by FY21E

Domestic ready made garment industry (INR bn)



Industry expected to double in size over next 6-7 years

Per capita spend on apparel (USD)



Clear headroom for upside in per capita spend on apparels

- Share of branded apparels expected to rise to 34% by 2020E from 29% in 2016



Outlook



- January continued to see brand on deep discounts through January due to lower off-takes
- EOSS being concluded early to allow a longer window for fresh sales during SS19
- Expecting positive consumer sentiment led by wedding season
- Distribution :
 - New Distribution Model operational from SS19 that will aid increased penetration and coverage across markets
 - Wholesale growth will revive on account of the new model and wider penetration
- EBO :
 - Aggressive EBO expansion plans from Q4 going into 3 quarters next year
 - Continue to drive the Asset light franchise model
- Growth rates of E commerce expected to continue at the same levels. Continued investments in infrastructure and systems being made ready, to enable higher capacity handling



Outlook



- Factory Outlet Concept introduced for liquidation of old season merchandise in controlled environment
- Boys wear :
 - Growth rate expected to sustain due to expansion in the wholesale and E commerce channel
 - Expanded product portfolio with sharper pricing being offered from SS19
- Q4 is expected to see double digit growth with a healthy EBIDTA margin on the back of growth in wholesale and retail expansion



Annexure

Brand Identity



Our origin: Madras - where we belong. The city that influenced global fashion since 1718.



Iconic Product: Khaki. Made in India during World War II and since then, an integral part of American Sportswear.



Brand Philosophy: “Real. Mature. Manly. Khaki.” The four key words that capture the brand essence and are a representation of our communication strategy.





INDIAN
TERRAIN

BOY



Awards & Accolades



- Awarded as the best company in the Sustaining Award Category at TiE, 2017 Chennai
- Awarded as the Best Emerging Brand by Lulu Mall in 2016
- Voted by Infashion as the “Most Admired Readymade Garment Manufacturer” in south India 2013
- Ranked 11th in the list of “Most Trusted Apparel Brands” by Economic Times in 2011



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