

Indian Terrain Fashions Limited



PERFORMANCE HIGHLIGHTS



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.





The Company has adopted Indian Accounting Standards (Ind AS) from April 1, 2017. The financial results for the Quarter ending 30th June 2017 have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder. The date of transition is 1st April 2016 and the impact of the transition has been accounted for in the opening reserves and the comparative period results have been restated accordingly.

In view of adoption of Ind AS and the resultant reassessment / remeasurement of financials for the opening and comparative periods, the financial statements for the Quarter Ending 30th June 2017 is not strictly comparable with the financial statements for the Quarter Ending 30th June 2016.

Q1 Financial Highlights

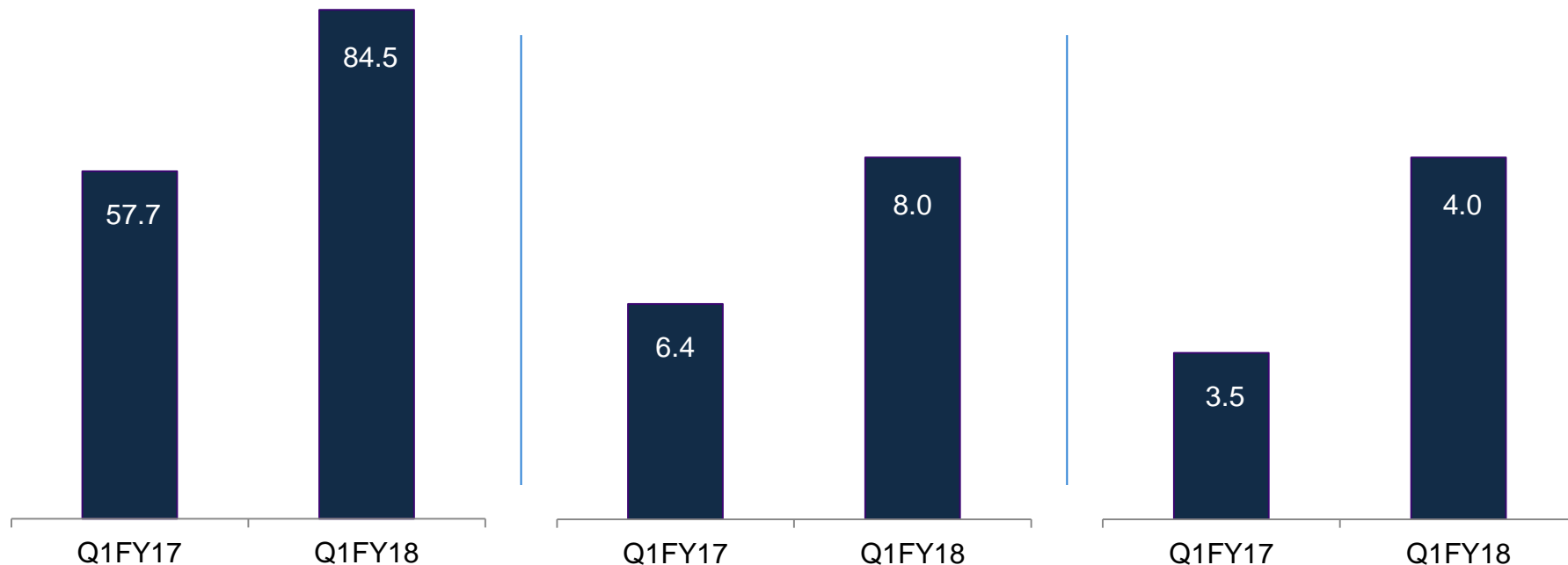


84.48 crs of Revenues; Operating EBITDA of 8.00 crs; Profits of Rs.4.00 crs

Revenues (Rs. Cr)

Operational EBITDA (Rs. Cr)

Profits (Rs. Cr)





Revenues - Operations

- The Quarter began on a stable note with retail sales in April and May growing closer to 20%
- While there was a decent uptake by Wholesale Business upto mid May the onset of GST panic led to de-stocking by the traders and impacted the replenishments planned for the Quarter
- Advancement of EOSS with the planned roll out of GST effective 1st July 2017 resulted in significant upsurge in June retail sales
- The retail off take has been very impressive with the retail business growing over 36%* for the Quarter and 65%* in June
- Core Segment Men'swear continued to gain market share and topped** the revenue charts across major formats
- Boyswear has more than doubled* its retail revenues with expanded base and improved consumer confidence

Ind AS effect

- The Company with the adoption of Ind AS effective 1st April 2017, has reassessed its revenues and provisions. Consequent to the same, the revenues reported under Ind AS for the Quarters ending 30th June 2017 and 30th June 2016 are not comparable



Operating Margins

EBITDA margins for Q1 FY 2018 was at 9.5%; the drop was mainly attributed to

- Higher discounting on advancement of EOSS to mid-June from July
- Strategic increase in Marketing Spends for improved Brand Visibility and Salience
- Increase in Personnel Costs with expansion of retail footprint coupled with strengthening of team across critical areas

- Marginal increase to Finance Costs; Increase in depreciation on expanded fixed asset base
- PBT at 6.04 crs against 5.29 crs of previous year
- Net Profits at 4.00 crs against 3.46 crs of previous year

Q1 Financials



Rs. In Cr	Q1 FY18	Q1 FY17	Change
Revenues	84.48	57.70	46.4%
Cost of Materials	9.10	12.17	
Purchase of Finished Goods	11.54	17.76	
Excise Duty	0.48	0.36	
Change in Inventories	27.85	1.24	
Garment Processing Costs	1.90	1.33	
Employee Benefit Expenses	6.67	4.80	
Other Expenses	18.94	13.66	
Total Expenses	76.48	51.32	49.0%
Operating EBITDA	8.00	6.38	25.4%
Other Income	1.06	1.44	
Gross EBITDA	9.06	7.82	15.9%
Finance Costs	2.14	2.07	
Depreciation	0.88	0.46	
Profit Before Tax	6.04	5.29	14.2%
Tax Expenses	2.09	1.84	
Profit After Tax (before other comprehensive income)	3.95	3.45	14.5%
Other Comprehensive Income (net of tax)	0.05	0.01	
Total Comprehensive Income	4.00	3.46	15.6%

Reconciliation - IGAAP and INDAS

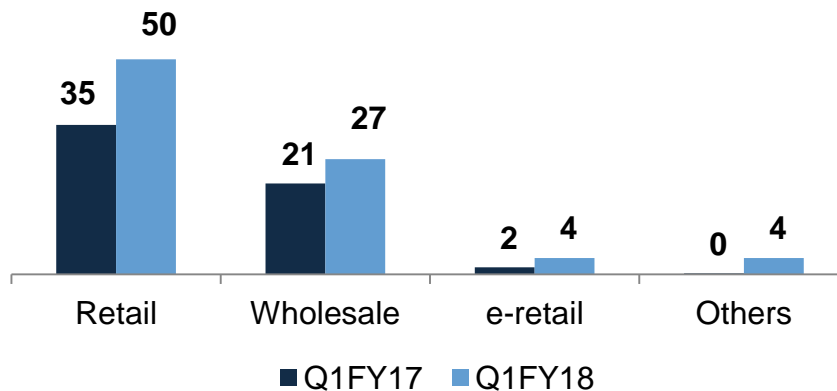


	Rs. In Cr		
	Q1 FY2017		
	Revenue	EBITDA	PBT
As per IGAAP	63.80	7.77	5.25
As per INDAS	57.70	7.82	5.29
Difference	(6.10)	0.05	0.04
Reclassification			
Discount Sharing, Cash Discounts, Sales Incentive earlier reported as Selling expenses now reduced from revenue	(6.35)	-	-
Total Reclassification	(6.35)	-	-
Remeasurement			
Revenue reassessment based on risk and reward transfer and provisioning for returns	0.30	0.15	0.15
Deferral of revenue on account of loyalty points	(0.05)	(0.05)	(0.05)
Term loan Interest provided on EIR basis			(0.01)
Security Deposits to Landlords - Fair Valuation		0.04	0.04
Rent accounted on Straight Line Method		(0.08)	(0.08)
Gratuity Actuarial Valuation		(0.02)	(0.02)
Total Remeasurement	0.25	0.05	0.04
Total Reclassification and Remeasurement	(6.10)	0.05	0.04

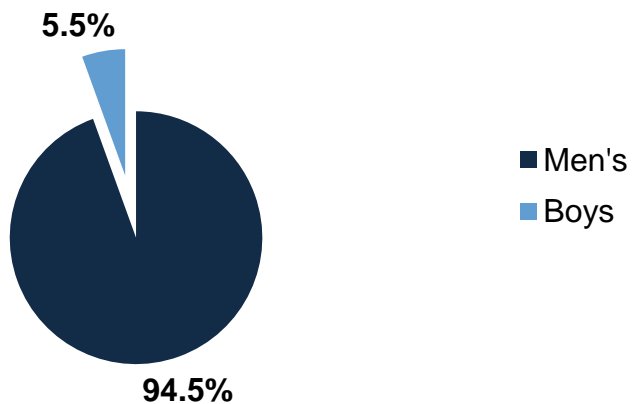
Revenue Contribution (Rs. Cr)



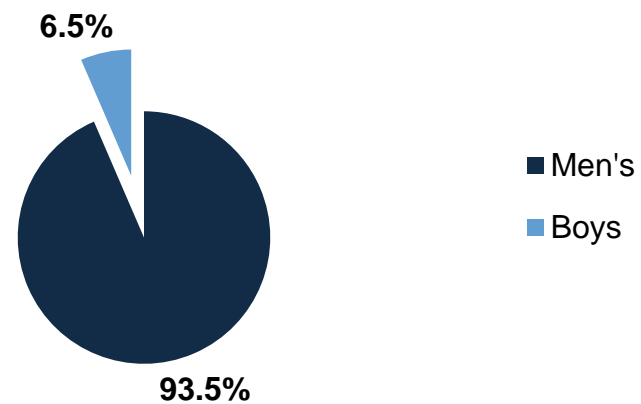
Channelmix-Q1



Q1FY17



Q1FY18



Kunal Kapoor – the Brand Ambassador





Autumn-Winter '17



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Exclusive Stores



Region	Opening As on 1 st Apr	Additions	Closure	Closing As on 30 th Jun
South	57	0	0	57
West	31	1	0	32
North	32	1	1	32
East	11	0	0	11
Out of India	1	0	0	1
Total	132	2	1	133

Region		Closing As on 30 th Jun
COCO	Company Owned Company Operated	4
COFO	Company Owned Franchisee Operated	34
FOFO	Franchisee Owned Franchisee Operated	92
EFO	Exclusive Factory Outlet	3
Total		133

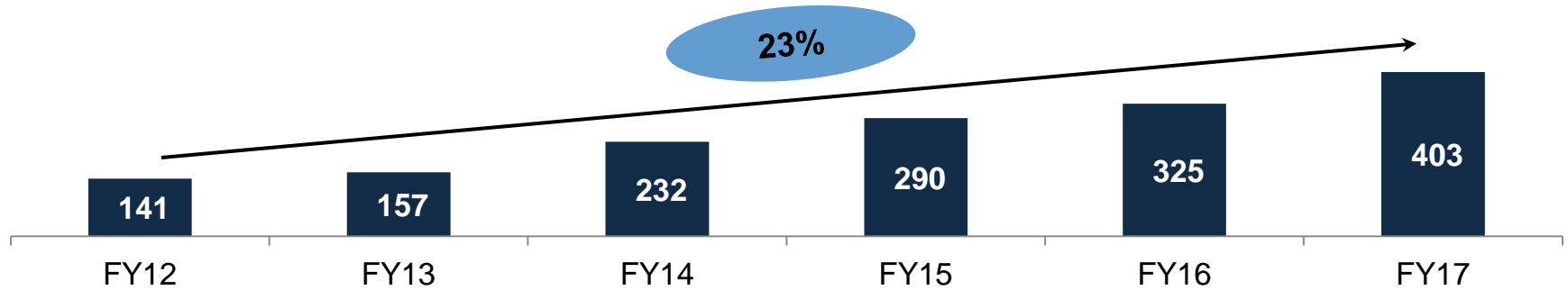
Store Launches – Ambience Mall / MG Road / L&T Seawood



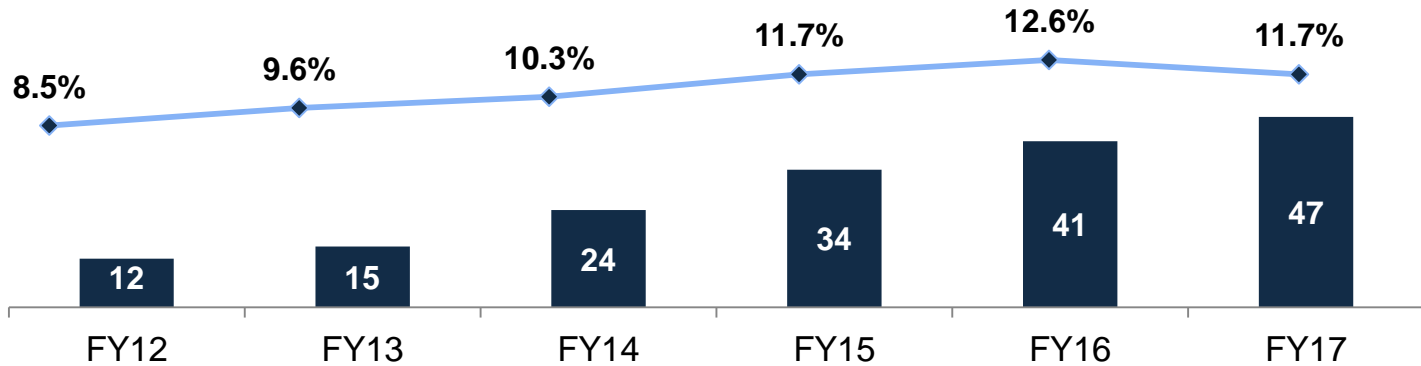
Performance Overview



Revenue growth of 23%



32% growth in Operating EBITDA



Distribution Network



PRESENT ACROSS 250+ CITIES THRU DIFFERENT FORMATS



142
Exclusive Outlets



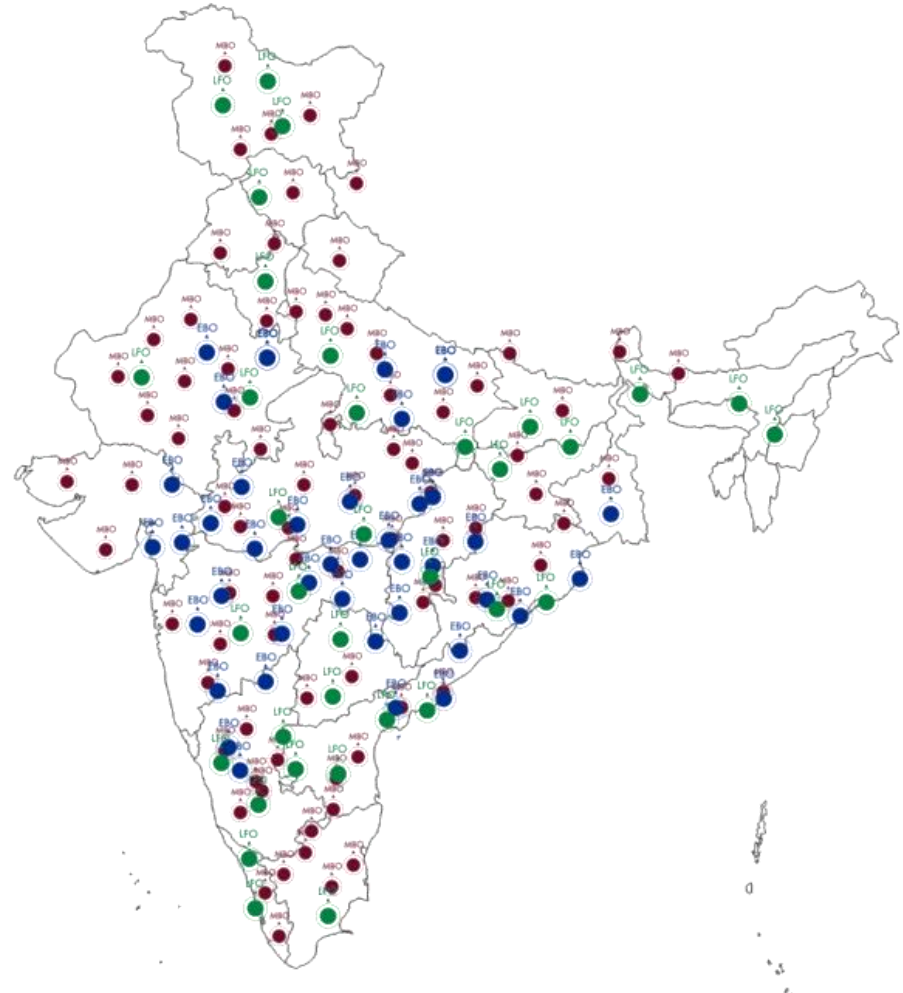
249
doors in Departmental
Stores



1200+
doors under Multi
Branded Outlets



7+
Ecommerce
Partners





- Roll-out of GST from 1st July 2017
 - GST rates of 5% for transactional price upto 1000 and 12% above 1000 is tax neutral for the Brand
 - One time support is being extended to retailers on transition stocks in view of increased tax rates
- New ERP went live from 1st July 2017 simultaneously with GST roll out
- The Pre-GST sale impacted the retail offtake in July – July revenues remained soft for the Brand; Sales has picked up from mid August
- Wholesale dispatches have started picking-up and the Brand is gearing for a great festive season



- The overall market sentiments continue to remain positive. Apparel retail is expected to grow robust and witness healthy demand and the Brand is poised well to capitalize on the momentum
- With smaller cities gaining prominence and witnessing traction, focus will be on penetrating deeper into Tier-I, II and III cities and the Brand's inherent strength of DTC (Direct To Consumer) approach will help a long way in building market share
- 85 new retail counters are being planned in FY 2018 across Exclusive Outlets and Departmental Stores. Pragmatic approach on specific markets and location will help ensure early wins and build momentum fast
- Boyswear is driving fast towards the 2x goal with the support of product positioning and value proposition
- Growth targets for FY 2018 remain upwards of 20%; Emphasis continue to remain on product improvements and appropriate investments will be planned on product line extensions that enhances core brand value and premium positioning

Thank You



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