



ITFL/SEC/2021-2022/AUG/03

13th August 2021

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai- 400 051

Scrip Code - 533329

NSE Symbol: INDTERRAIN

Dear Sir/Madam,

Sub: Investor Presentation for the quarter ended 30th June 2021

Ref.: INDIAN TERRAIN FASHIONS LIMITED

We hereby enclose the Investor Presentation on the Unaudited financial results of the Company for the quarter ended 30th June 2021.

Kindly take the same on records. Kindly acknowledge the receipt of the same.

Thanking you,
Yours faithfully,

For INDIAN TERRAIN FASHIONS LIMITED

E.Elamugilan
Company Secretary & Compliance Officer

Encl.: as above

INDIAN TERRAIN FASHIONS LTD

Q1FY22 Result Highlights

June 2021

**INDIAN
TERRAIN** *"makes
you
feel
good"*



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The information contained in this presentation is only current as of its date. Please note that the past performance of the company is not and should not be considered as, indicative of future results.

This presentation may contain certain statements of future expectations and other forward-looking statements, including those relating to our general business plans and strategy, our future financial condition and growth prospects and future developments in our sector and our competitive and regulatory environment. In addition to statements which are forward looking by reason of context, the words ‘may’, ‘will’, ‘should’, ‘expects’, ‘plans’, ‘intends’, ‘anticipates’, ‘believes’, ‘estimates’, ‘predicts’, ‘potential’ or ‘continue’ and similar expressions identify forward looking statements. All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results, performances or events to differ materially from the results contemplated by the relevant forward looking statement. The factors which may affect the results contemplated by the forward looking statements could include, amongst others, future changes or developments in (i) the Company’s business, (ii) the Company’s competitive environment, and (iii) political, economic, legal and social conditions in India.

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ABOUT US

The Iconic Khaki

Discover the Khaki that
makes you feel good.

About Us

9+
E-commerce Partners



220

Exclusive Doors
(inclusive of 27 Factory
Outlets)



ACROSS

140+
Cities Spread

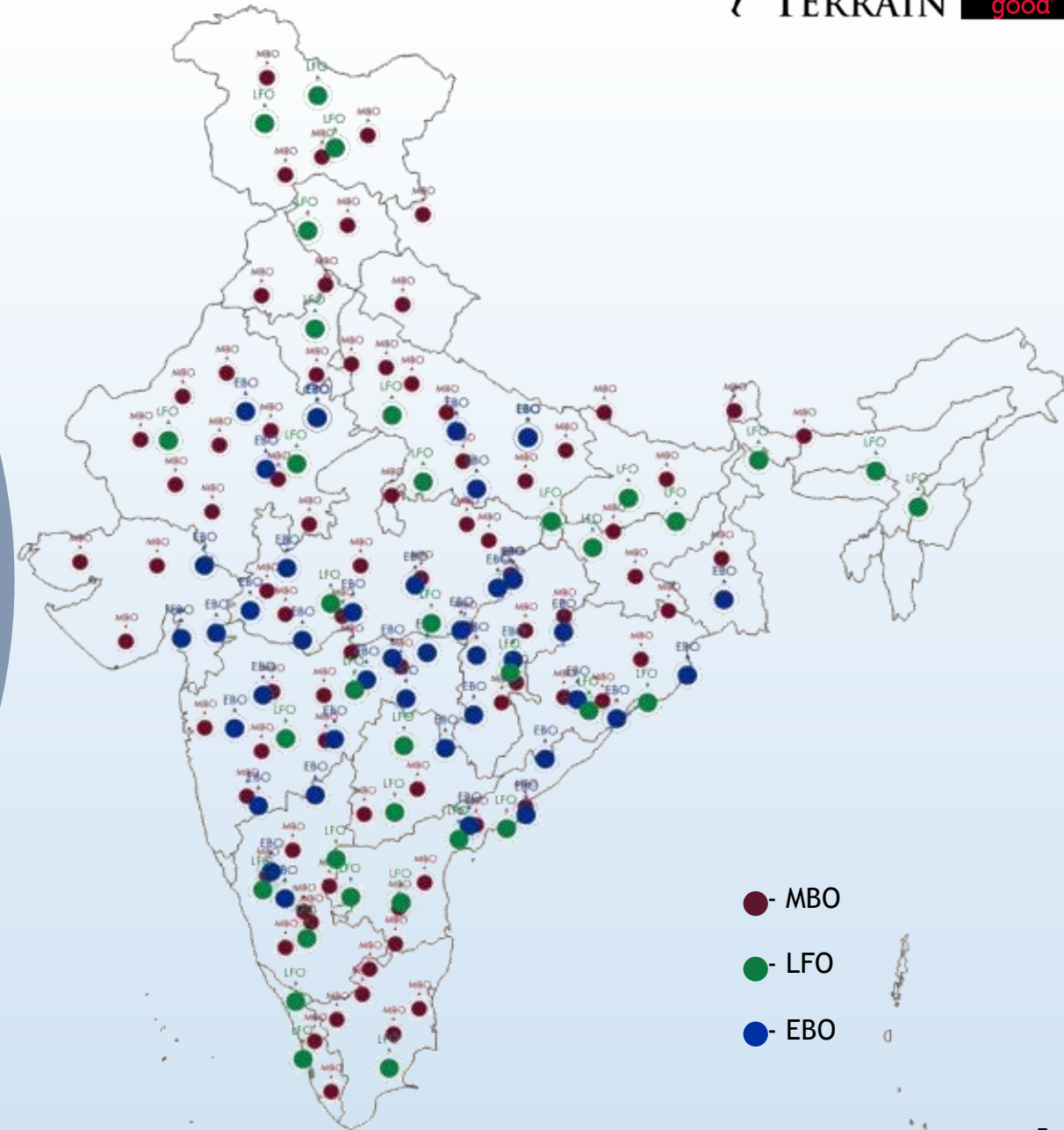


1450+
Doors under Multi
Branded Outlets



450+

Large format Outlets



Unique store format to reach a Larger Target

Exclusive Brand Outlets (EBO's)	Large Format Outlets (LFO's)	Multi Brand Outlets (MBO's)	E-commerce Platform
<p style="text-align: center;">220+ EBO's</p>	<p style="text-align: center;">450+ LFO's</p>	<p style="text-align: center;">1,450+ stores across India</p>	<p style="text-align: center;">9+ E-com Partners</p>
<p>Key Cities:</p> <p>South: Chennai, Coimbatore, Hyderabad, Bangalore, Cochin</p> <p>North: New Delhi (and NCR), Lucknow, Jaipur, Amritsar, Jammu, Chandigarh</p> <p>East: Kolkata, Guwahati, Sikkim, Jamshedpur, Bhubaneswar, Patna</p> <p>West: Mumbai, Nagpur, Pune, Surat, Ahmedabad</p> <p>Central: Bhopal, Raipur, Gwalior</p>			

Management Team



Mr. Venkatesh Rajagopal
Chairman

B.A. Honors in Economics from Sri Ram College of Commerce, New Delhi

Master of Arts from Bangalore University

Entered into the business of garment exports in 1988 and has Expertise in Apparel & Textile Business Strategy, Corporate Planning etc



Mr. Charath Ram Narsimhan
Managing Director

Bachelor's degree from IIT and PGDBM (Finance) from IIM – Lucknow

2 decades of rich experience in the garment industry

Expertise area includes Managerial, Financial, Commercial, Systems and Administration



Mr. Vidyuth Venkatesh Rajagopal
Joint Managing Director

Bachelor's degree in Economics from Loyola College

Masters of Business Administration from ISB, Hyderabad

Expertise in Marketing, Merchandising, Business Strategy and Corporate Planning.

QUARTERLY HIGHLIGHTS





COVID19

Covid-19 Update

- The intensity of the 2nd wave had a far more lasting and negative impact on the lives of common people and business in general which led to closures of movement across several parts of India.
- The bell curve for the per day case count have begun to taper down daily which in a positive signal for mobility of people and industry
- ITFL continues to remain vigil and provide assistance to the employees and those affected due to the contagion
- Various non-monetary benefits given to the employees with Monetary benefits like extended insurance cover and to front line sales staff
- Operational stores continue to adhere to the Covid-19 guidelines laid out by the state authorities
- As on date in ITFL over of 95% of employees have been vaccinated



E-commerce Update

- E-commerce channel sales reflected strong momentum during the months of April and May thus giving comfort to the overall revenues in the times where no store sales was present
- IT.com sales for the quarter have been growing and remain robust (~2x Sales from Jan to June2021) . This can be attributed to a higher conversion rate of app users to sales.
- Management is optimistic of achieving a revenue run rate of Rs 10mn per month in the near term driven along with new collection offerings



Market Update

- Q1FY22 revenues were lower mainly on account of the introduction of the 2nd wave leading to lesser working days in the month of April and May.
- However in June with restrictions being relaxed on the working hours and stores opened sales began to floor in
- We expect the deferred sales for the month of May and June to flow in the coming quarters as further relaxation of working hours for malls and retail chains are introduced complimented with the onset of the festive season and also sharper recovery cycles in smaller towns being better than metros
- ITFL continues to expand its store count in smaller town to provide a thrust in growth
- In Q1FY22 about 50% of days, the total stores were operational and with regard all operational expenses have been under control

Quarterly At a Glance

Q1FY22

Rs 28 cr

Rs -2.1 cr

Rs -12.1 cr

-43.9%



SALES



EBITDA



PAT



PAT Margin

Rs 91.7cr

Rs 14.9 cr

Rs 26.8cr

29.2%

Q4FY21

Quarterly Profit & Loss Statement

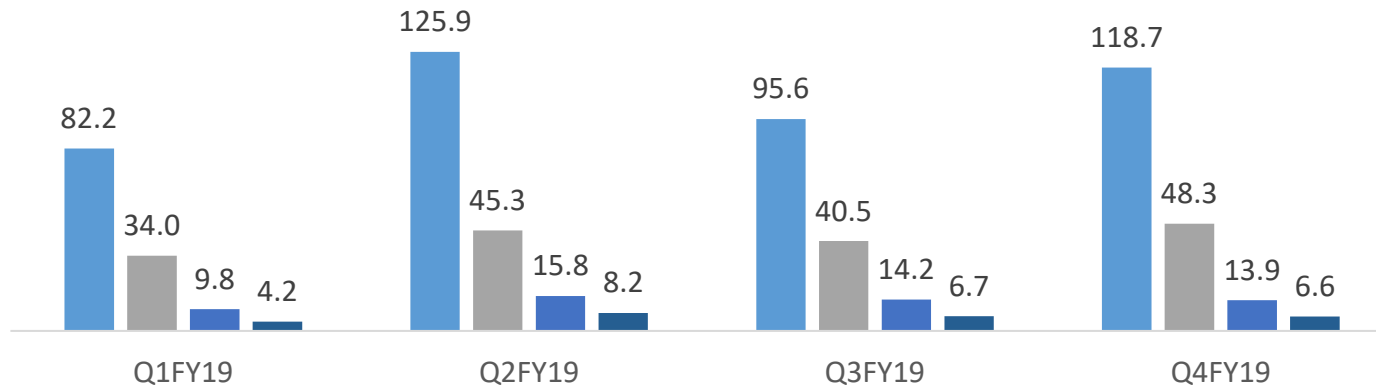
₹ in cr, unless mentioned otherwise

Particulars	Q1FY22	Q1FY21	Q4FY21
Income from Operations	27.5	13.4	91.7
COGS	17.6	16.9	55.8
Gross Profit	10.0	-3.5	35.9
Gross Margin (%)	36.22%	-26.29%	39.18%
Employee Expense	4.4	4.9	5.2
<i>% of Income from Operations</i>	<i>15.91%</i>	<i>36.74%</i>	<i>5.72%</i>
Other Expenses	11	16	17
<i>% of Income from Operations</i>	<i>40.21%</i>	<i>117.48%</i>	<i>18.65%</i>
EBITDA	-5.5	-24.2	13.6
EBITDA Margin (%)	-19.91%	NA	14.81%
Depreciation	6	6	7
EBIT	-11.8	-29.7	7.0
EBIT Margin (%)	-42.83%	NA	7.59%
Other Income	3	4	1
Finance Cost	5	7	5
Profit Before Tax	-13.0	-32.4	3.7
Tax Expenses	-1	-0.2	-23
Profit After Tax	-12.1	-32.3	26.8
PAT Margin (%)	-43.95%	NA	29.24%

Growth (Q-o-Q)
106%
4%
NA
NA
-11%
2083 bps
-30%
7727 bps
NA
NA
14%
NA
NA
-23%
-35%
-60%
513%
-62%
NA

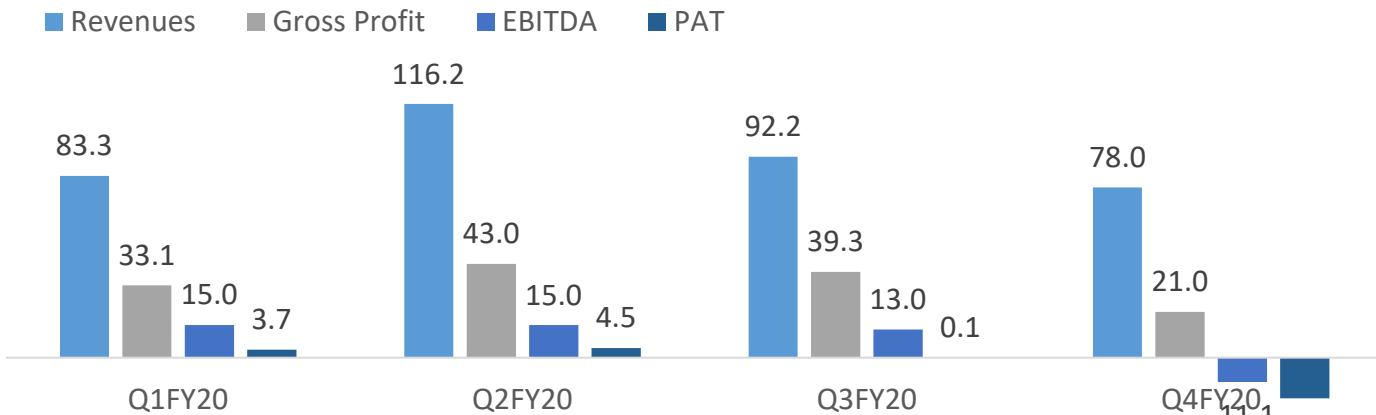
Q1 FY22 Commentary:

1. Q1FY22 witnessed sharp recovery in sales despite the lockdowns in the months of May and June in multiple parts of India due to the 2nd wave. Sales recovery at Pre-Covid levels
2. Management continues to maintain a positive stance on the business operations for the coming quarters with more new store formats being opened with decent consumer response
3. Revenue share from the digital e-com channels have seen a good traction during the last few quarters playing a key pivotal role and lever for growth as product portfolio expands
4. The management stays cognizant on ground facts with the onset of the 2nd wave and utilized its experience of the 1st wave, thus undertaking steps to keep the business operations cushioned from further hiccups
5. Overall operating expenditure for the quarter was lower mainly due to the cost optimisation measures that were initiated at the early start of the quarter. Opex was lower by 25.2% QoQ
6. EBO revenues in the quarter were higher by 5.0cr in Q1FY22 at Rs 8.6cr. LFO reflected a notable performance with Revenues Rs 3.8cr on the back of lower growth in Q1FY21



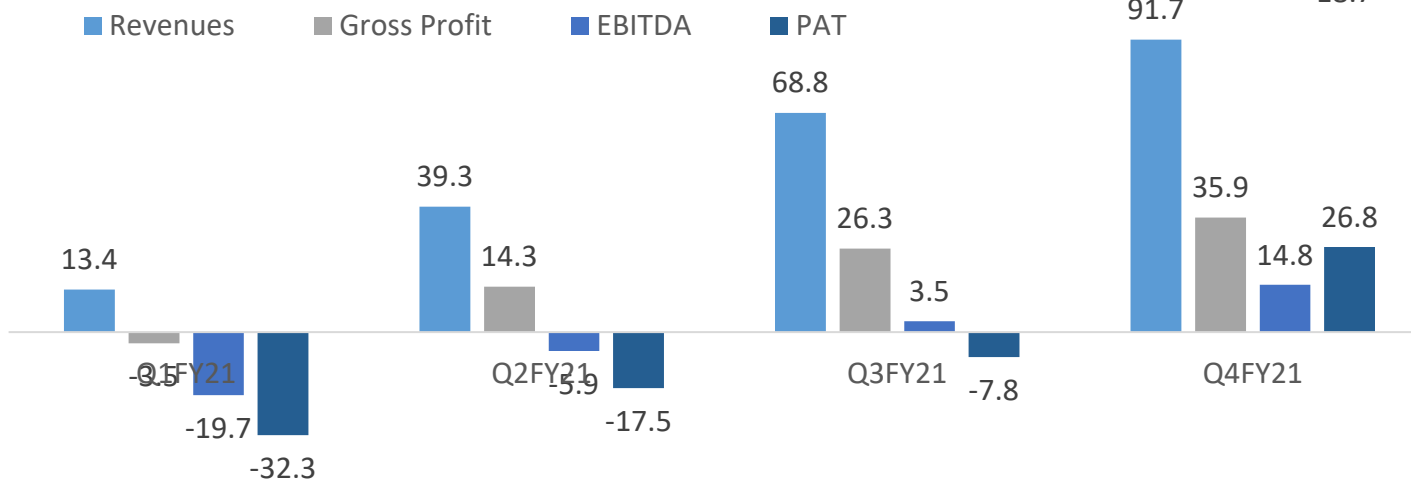
Pre-Covid financials, headline, EBITDA and bottom-line numbers in the green.

Outlook: Positive and Buoyant



Onset of 1st Wave of Covid affecting Q4 numbers there by causing disruption to business operations by being shut for couple of months. Fixed cost strain visible on EBITDA

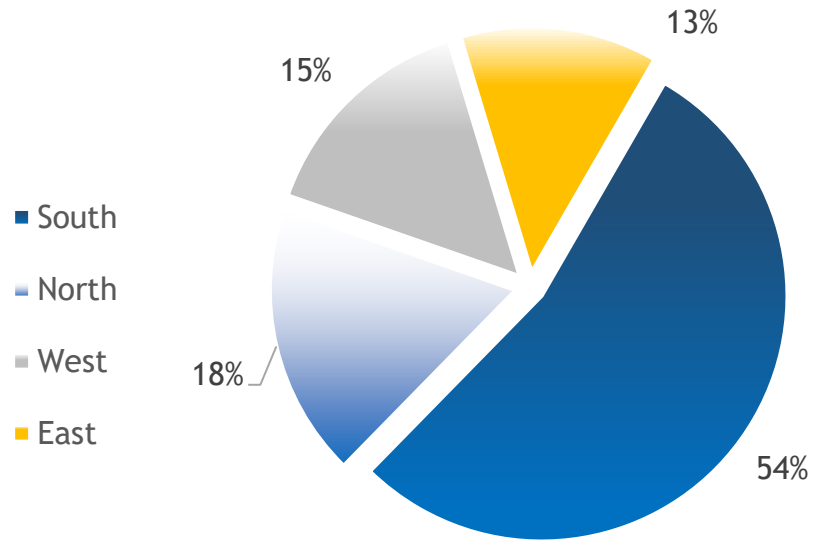
Outlook: Cautious and Watchful



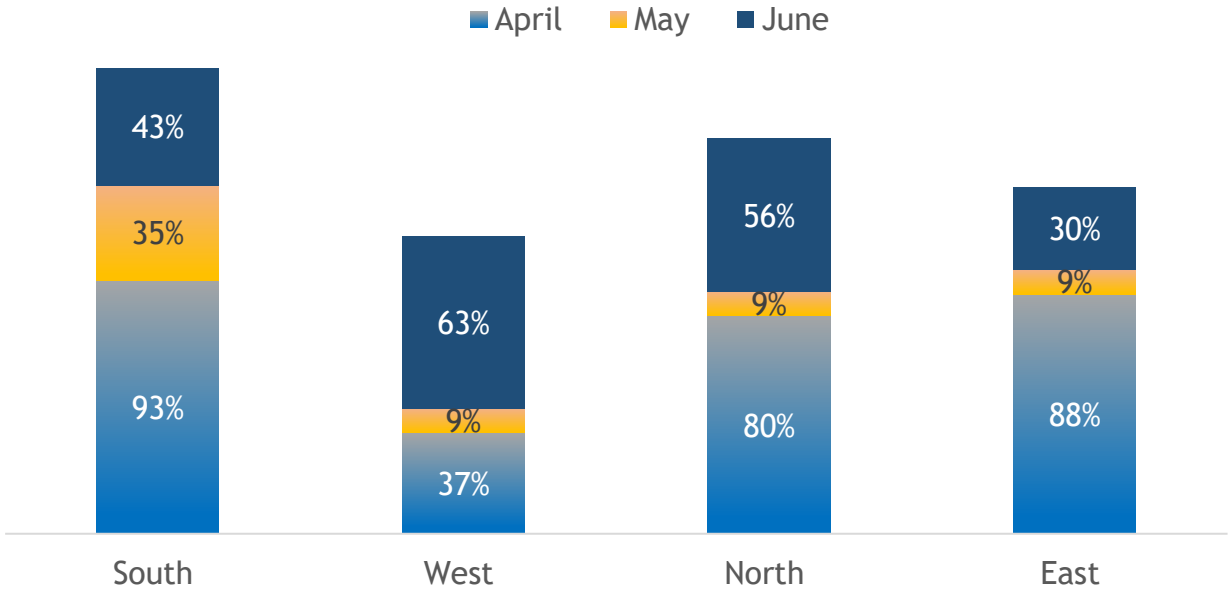
Strain of the virulent compounding with the 2nd wave resetting the trade and commerce after the unlocking of 1st phase. Remedial vaccination lessened the impact albeit a washout of 1st half

Outlook: Recovery to Stable

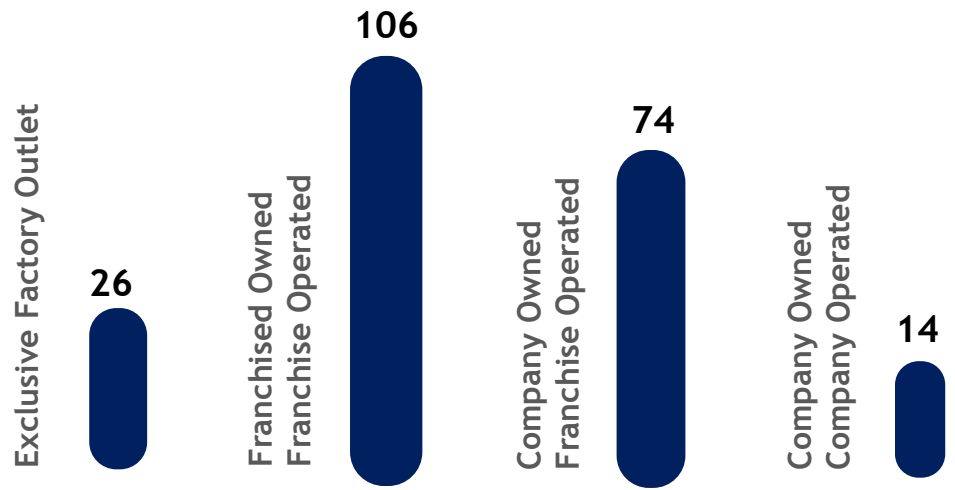
Total Store Count Distribution (220)



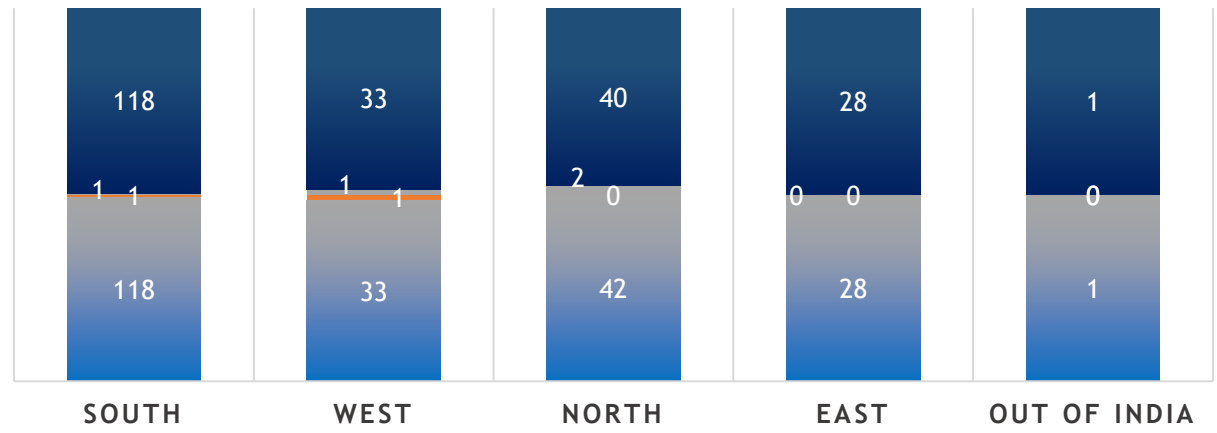
No of Operational Days



Store Formats



Store Distribution Across Geographies



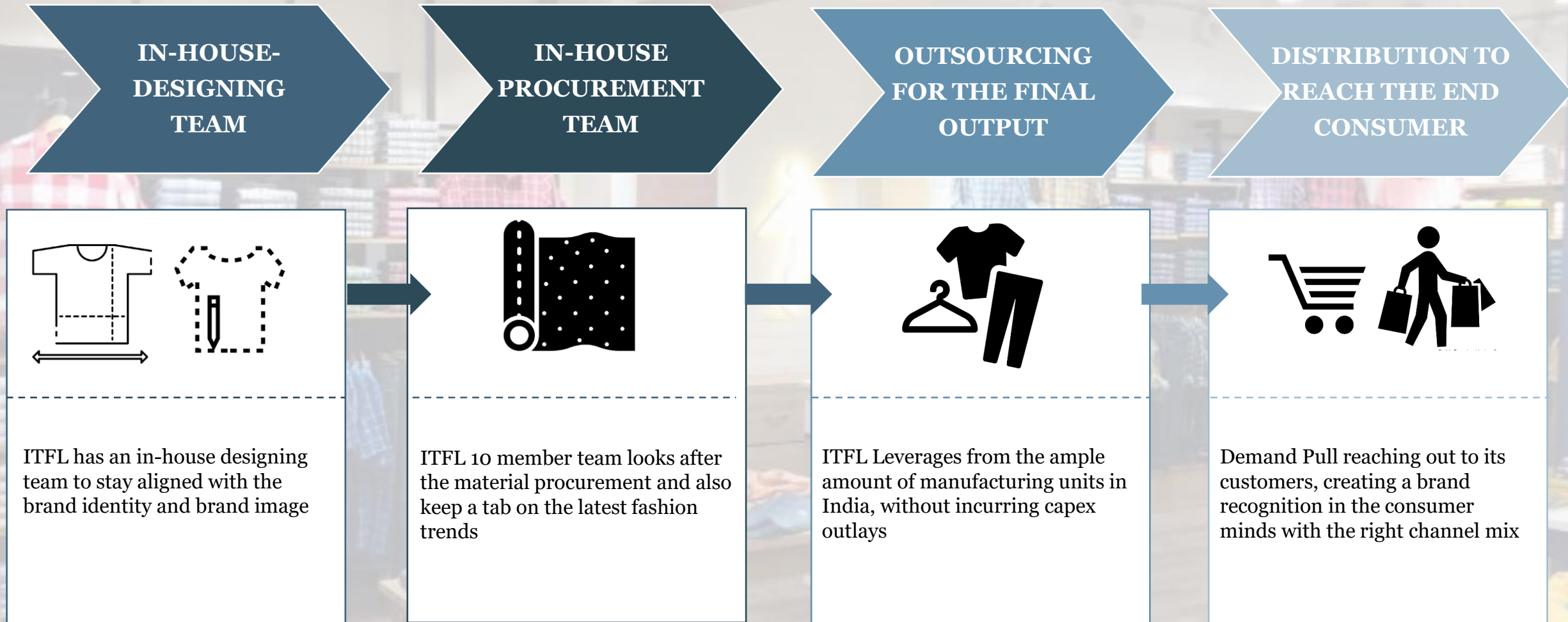
OUR BUSINESS MODEL



Quality pays. Make yours count.

Know More

Agile Business Model



What gives ITFL an Edge

INDIAN TERRAIN

Capital Light Model

Little or No Capital Expenditure ensuring higher Profitability and Strong Return Ratios

Strong E-com partners

ITFL apparels are listed on e-commerce portals like Amazon, Flipkart and other leading online platforms. Consumers feel a sense of achievement with every bargain and ITFL aims to provide enriching digital experience

Net Debt to Equity -ve

A Net Debt ensures adequate cash and reserves without adding pressure to the operations. ITFL's FY20 Net debt to Equity stands at x times

Pan-India distribution Network

Widening distribution of varied store formats like EBO, LFO and MBO and an Asset light model being followed will augment sales and better return ratios

Seasoned Management

Experience Management of ITFL has led to prudent procurement policies, efficient working capital management has helped steer the company to delivering value

Minimal Ad and Promo Spends

ITFL adopted a focused approach keeping its ad and promo spends moderate, thus using it to its advantage & creating brand image and visibility in the consumers mind

FINANCIAL STATEMENTS



Profit & Loss Statement – Quarterly

Standalone Profit & Loss (INR cr)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Income from Operations	83.3	116.2	92.2	78.0	13.4	39.3	68.8	91.7	27.5
Other Income	0.7	0.8	0.7	1.7	4.4	3.2	2.4	1.3	3.4
Total Income	84.0	117.0	92.8	79.7	17.8	42.6	71.2	93.0	31.0
Operating Expenses	69.0	102.0	79.9	90.8	37.6	48.5	67.7	78.1	33.0
EBITDA	15.1	15.0	13.0	-11.1	-19.7	-5.9	3.5	14.8	-2.1
Margin %	18.1	12.9	14.1	-14.3	-147.3	-15.1	5.0	16.2	-7.4
Depreciation	5.1	5.5	5.7	6.5	5.5	5.3	5.9	6.6	6.3
EBIT	9.9	9.5	7.3	-17.6	-25.3	-11.2	-2.4	8.2	-8.4
Margin %	11.9	8.2	7.9	-22.6	-188.6	-28.5	-3.5	9.0	-30.4
Financial Charges	4.2	5.2	5.7	5.5	7.2	6.4	5.5	4.6	4.7
PBT	5.8	4.3	1.5	-23.1	-32.4	-17.6	-7.9	3.6	-13.0
Margin %	6.9	3.7	1.7	-29.7	-242.0	-44.8	-11.5	4.0	-47.3
Tax	2.0	-0.2	1.5	-4.5	-0.2	-0.1	-0.1	-23.1	-0.9
PAT	3.8	4.5	0.08	-18.67	-32.3	-17.5	-7.8	26.8	-12.1
Margin %	4.5	3.9	0.1	-23.9	-240.9	-44.5	-11.4	29.2	27.5

The Company has adopted IND AS 115 with effect from 01st April 2017 and IND AS 116 with effect from 01st April 2019 using modified retrospective approach and hence figures are not comparable

Profit & Loss Statement - Annually

Standalone Profit & Loss (INR cr)	FY17	FY18	FY19	FY20	FY21
Income from Operations	325.9	401.5	422.4	369.7	213.2
Other Income	5.3	2.5	3.0	3.9	11.4
Total Income	331.2	404.0	425.4	373.5	224.5
Operating Expenses	285.9	353.6	371.5	341.6	231.8
EBITDA	45.3	50.4	53.8	31.9	-7.3
Margin %	13.9	12.5	12.7	8.6	-3.4
Depreciation	3.1	4.2	5.5	22.8	23.3
EBIT	42.2	46.1	48.3	9.1	-30.6
Margin %	12.9	11.5	11.4	2.5	-14.4
Financial Charges	8.9	7.0	8.5	20.6	23.7
PBT	33.3	39.1	39.8	-11.5	-54.3
Margin %	10.2	9.7	9.4	-3.1	-25.4
Tax	10.4	13.7	14.1	-1.2	-23.5
PAT	22.8	25.4	25.7	-10.3	-30.8
Margin %	7.0	6.3	6.1	-2.8	-14.4

The Company has adopted IND AS 115 with effect from 01st April 2017 and IND AS 116 with effect from 01st April 2019 using modified retrospective approach and hence figures are not comparable

Balance Sheet & Key Ratios

Standalone Balance Sheet (INR cr)	FY17	FY18	FY19	FY20	FY21
Share capital	7.6	7.6	7.6	7.6	8.2
Reserves and Surplus	171.3	196.4	222.1	208.5	190.3
Non-current Liabilities	13.4	20.3	23.2	90.0	83.7
Current Liabilities	108.6	152.6	165.4	197.2	183.4
Total Equity and Liabilities	300.8	377.0	418.3	503.3	465.6
Non-current Assets	50.3	61.7	67.7	140.8	148.3
Current Assets	250.5	315.2	350.6	362.5	317.3
Total Assets	300.8	377.0	418.3	503.3	465.6

Key Ratios	FY17	FY18	FY19	FY20	FY21
RoCE (%)	16.1	17.9	18.4	2.7	-15.5
RoE (%)	15.4	12.5	11.2	-4.8	-5.2
Net debt to equity (x)	-0.11	-0.06	-0.02	0.46	0.58
Interest coverage (x)	4.1	6.2	5.7	0.4	NA
Inventory days	159	136	110	107	162
Receivables days	123	162	207	248	388
Payable days	103	141	125	165	240

NEW STORE OPENINGS



...DIRECT TO CONSUMER AND SMALL TOWN FOCUS..

DINDIGAL



DINDIGAL



DINDIGAL



...DIRECT TO CONSUMER AND SMALL TOWN FOCUS..

RAJAHMUNDRY



RAJAHMUNDRY



VR NAGPUR



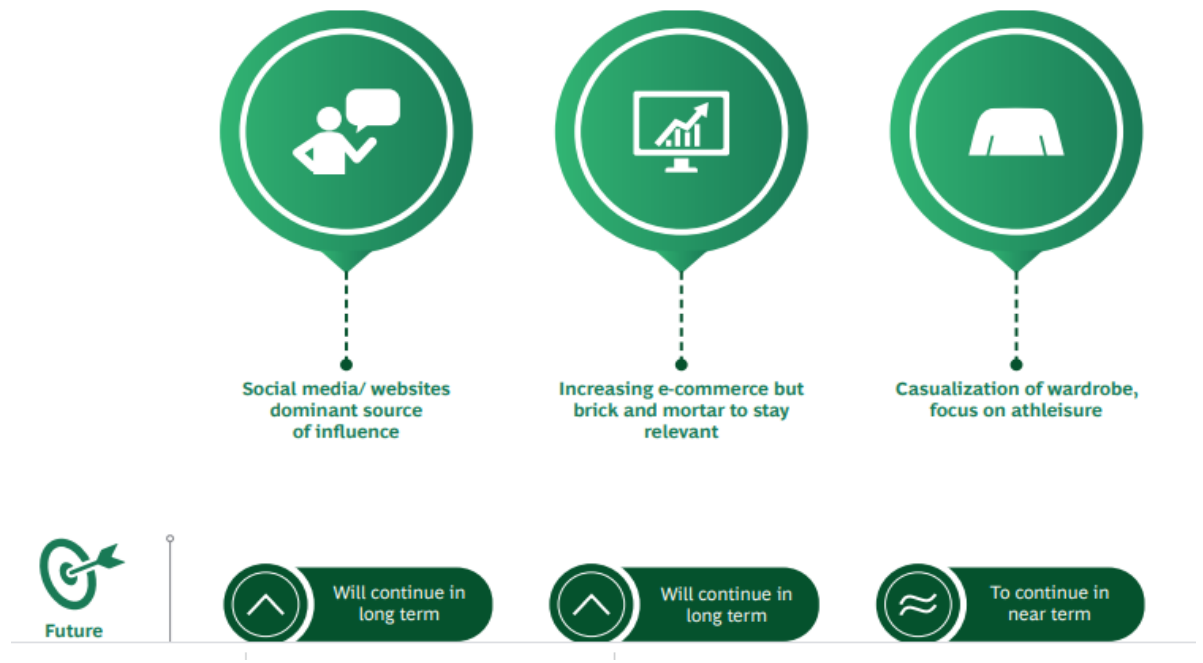
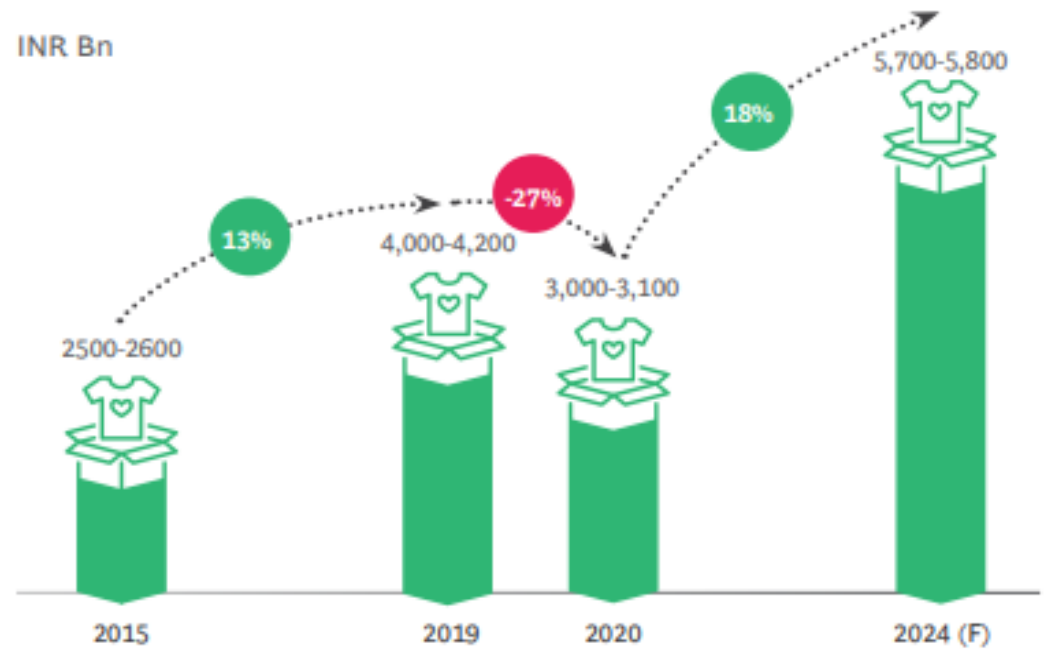
INDUSTRY DATA



INDIAN
TERRAIN

The Spirit of Man

Despite the slowdown due to Covid-19 the apparel industry is all set to grow by 18% in FY24



Indian apparel market to touch ₹5.8bn by 2024 as per BCG report

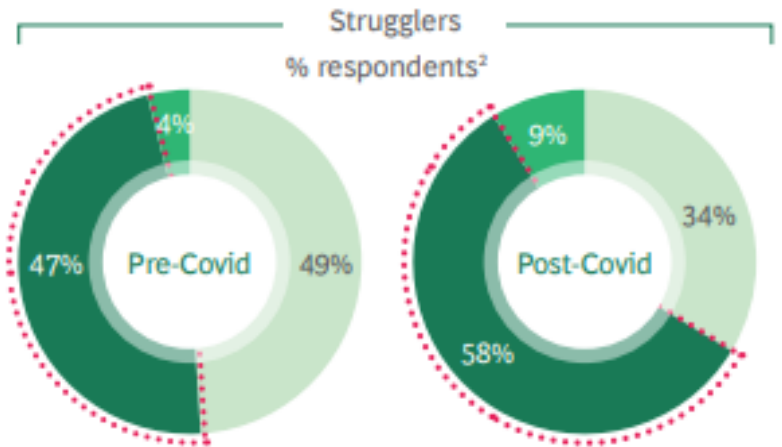


Social media influence and fashion webpages will govern buying habits of the consumer

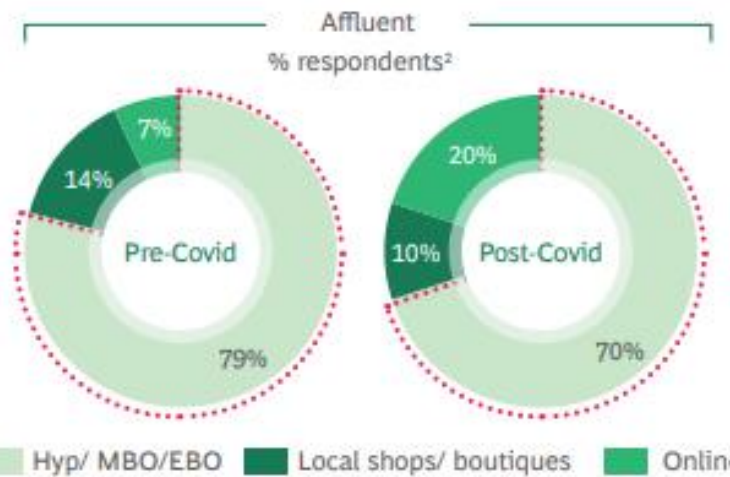
Heightened consumer dependence on social media and e-commerce may be a long term shift while shopping

1.2x

Increase in # of ecommerce buyers (current users indexed to pre-Covid users)¹

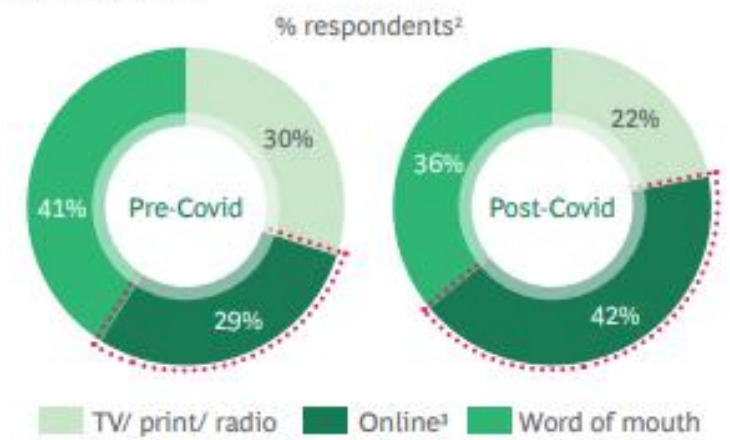


Focus of low-income groups shifted towards local shops/ boutiques



Higher shift in high income groups towards online buying, however modern trade outlets remain preferred channel of buying for them

Influence of online channels increased significantly post-Covid, diminished role of traditional media

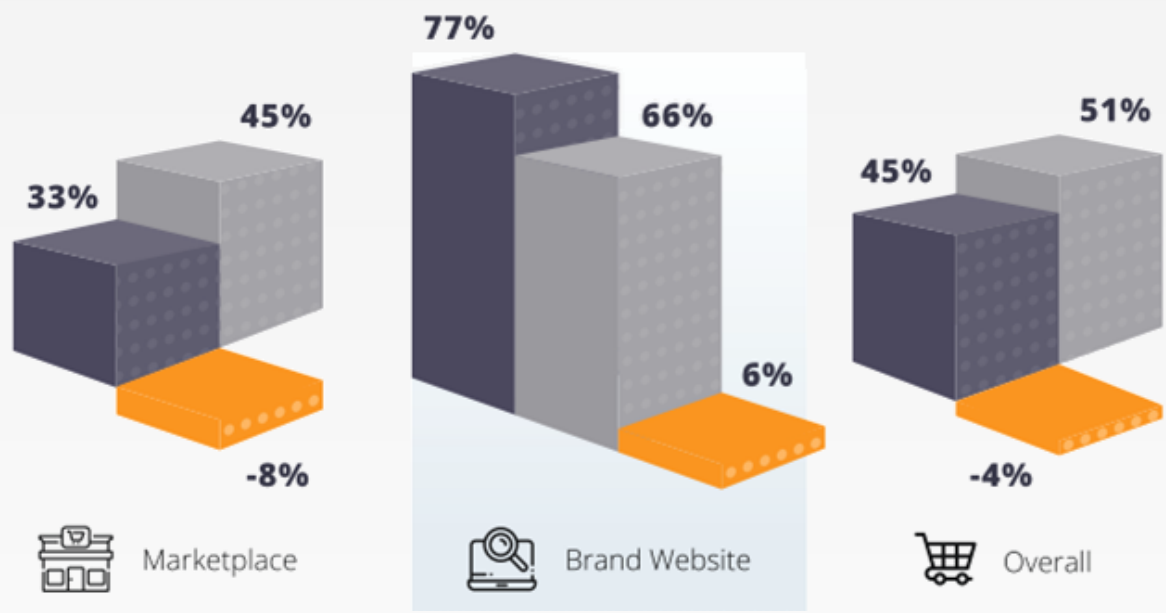


Across city tiers, online mediums acting as major source of influence

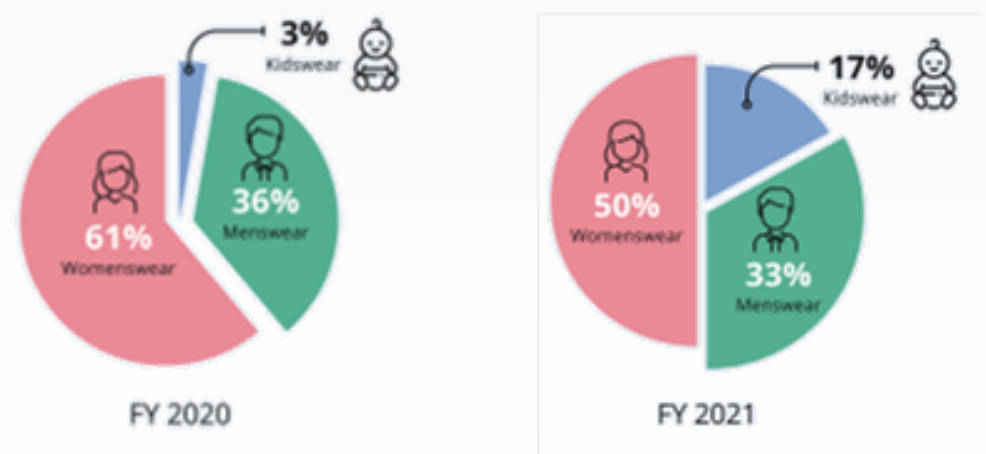
Social media influence and fashion webpages will govern buying habits of the consumer

Online fashion industry order volume grew 51% while GMV rose 45% in FY21

● Order Volume ● GMV ● Average Order Value



Fashion growth was driven by Tier 2 and 3 cities indicating focus on consumers from these regions will be the driver of growth



Fashion Apparel mix – online orders amongst kids and gender group

Segment-wise e-commerce growth FY21 vs. FY20

OUTLOOK AHEAD

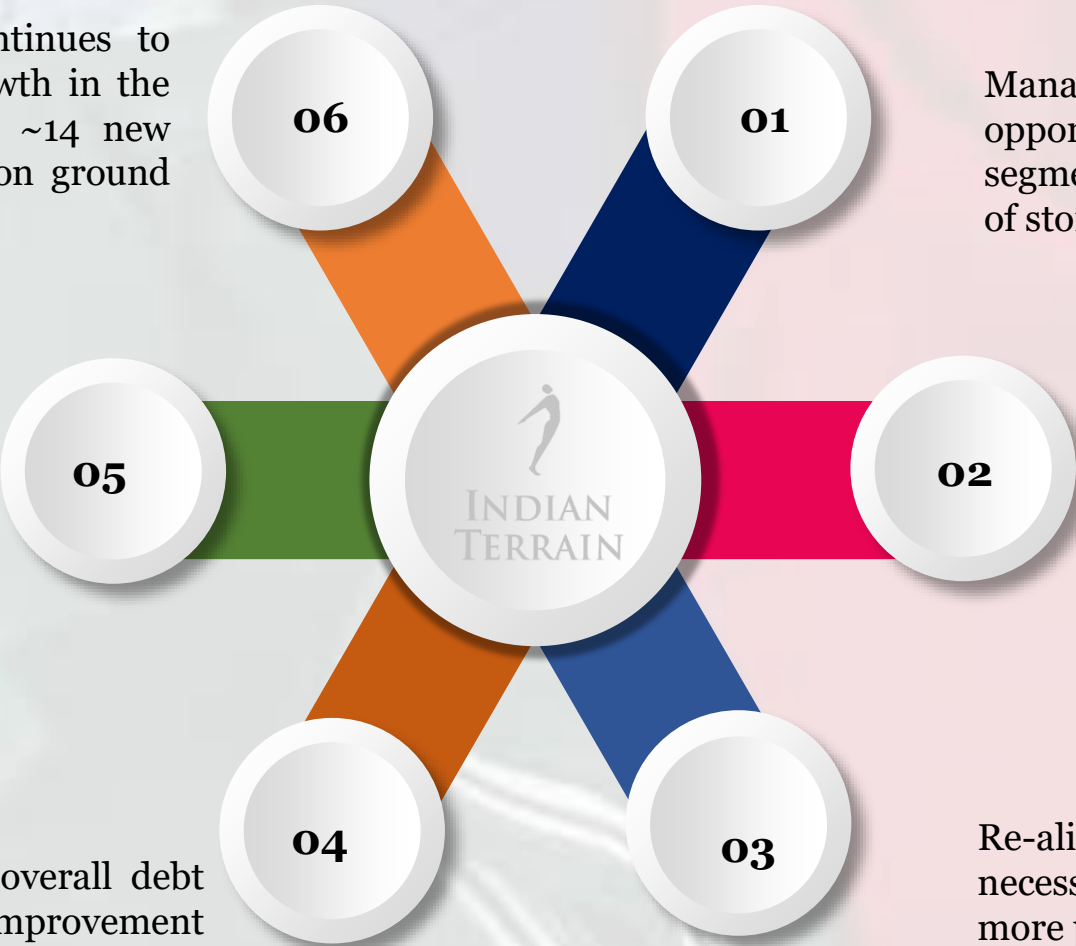


OUTLOOK – Flexible and Agile

Expansion in smaller towns continues to remain a key priority for the growth in the coming years. Expected to open ~14 new retail stores but watchful of the on ground scenario

Investments and adoption towards technology like digital platforms, omni-channels, analytics, and automation

Management stays watchful on the overall debt and focus on working capital cycle improvement will taper down debt



Management is optimistic on the growth opportunity prevalent in the readymade garment segment and will continue to invest in expansion of stores in the coming years

Relaxation norms across the Indian states in which retail malls and other businesses operational would aid in gradual normalcy and revive demand

Re-alignment of operating cost wherever necessary there by channelizing the resources to more productive sources.

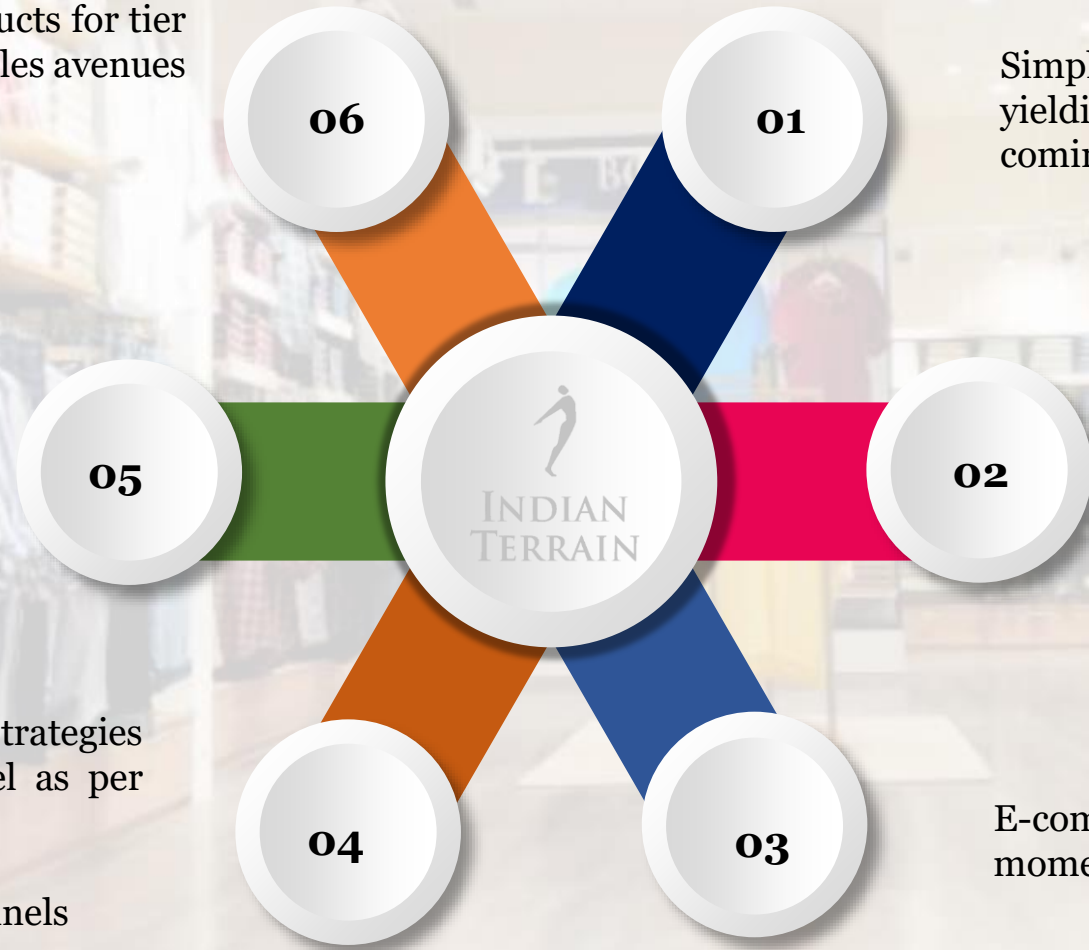
OUTLOOK – Flexible and Agile

Concentration of Entry level products for tier III and IV markets to maximise sales avenues

Focus on higher value products during festive and other occasions

Focus on better cash conversion strategies by fine tuning the business model as per specific markets.

60 days inventory turn for key channels

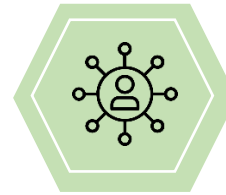


Simplified distribution with better margin yielding structures due to the strong booking coming for AW season

Boyswear is expected to get back on track on achieving its goals with stronger customer traction as retail stores become fully operational

E-commerce and IT.com will aid revenue momentum and push the overall growth

Investments in omni-channel capabilities giving the end consumer an lasting experience. A store to door approach



Partnering and leveraging with E-Com platform as growth thrust expected to continue for an elongated period



Investments in tech and Leveraging the power of data & analytics to make further inroads with the apparel offerings



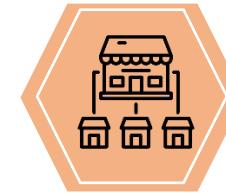
Increased Investments in digital marketing to strengthen brand visibility



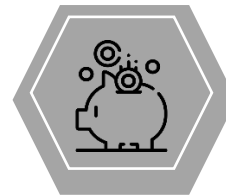
Continued improvement in Gross & Net Working Capital even as we scale up the revenue



In-roads in smaller towns i.e. tier 2&3 regions with retail store expansion via Asset Light Franchisee Model



Cost rationalization and improvement in the degree of operational leverage



Segmental focus towards the Boyswear with new and varied apparel offerings as growth opportunities look prevalent



Let's Connect

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India

Thank You

