



ITFL/SEC/2019-20/NOV/08

12th November, 2019

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 and half year ended 30th September, 2019

Ref.: INDIAN TERRAIN FASHIONS LIMITED

We hereby enclose the Investor Presentation on the Unaudited financial results of the Company for the quarter and half year ended 30th September, 2019.

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

Thanking you,

Yours faithfully,

For INDIAN TERRAIN FASHIONS LIMITED

Ravi B.S.G

Company Secretary & Compliance Officer



Encl.: as above

INDIAN TERRAIN FASHIONS LIMITED

SDF-IV & C2, 3rd Main Road, MEPZ / SEZ, Tambaram, Chennai - 600 045. Tel : +91-44-4227 9100, Fax : +91-44-2262 2897

Registered Office : No. 208, Velachery Tambaram Main Road, Narayanapuram, Pallikaranai, Chennai - 600 100.

Email ID : response.itfl@indianterrain.com

Website : www.indianterrain.com

L18101TN2009PLC073017

INDIAN TERRAIN



INDIAN
TERRAIN

x



The Spirit of Man

A/W '19 COLLECTION

Q2FY20

PERFORMANCE HIGHLIGHTS

NOVEMBER 2019

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.

The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events or otherwise. Unless otherwise stated in this document, the information contained herein is based on management information and estimates.

The information contained herein is subject to change without notice and past performance is not indicative of future results. Company may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such revision or changes. This presentation may not be copied and disseminated in any manner.

**RESULT
HIGHLIGHTS**

04

**FINANCIAL
STATEMENTS**

17

OUTLOOK

22

ANNEXURE

27



RESULT HIGHLIGHTS

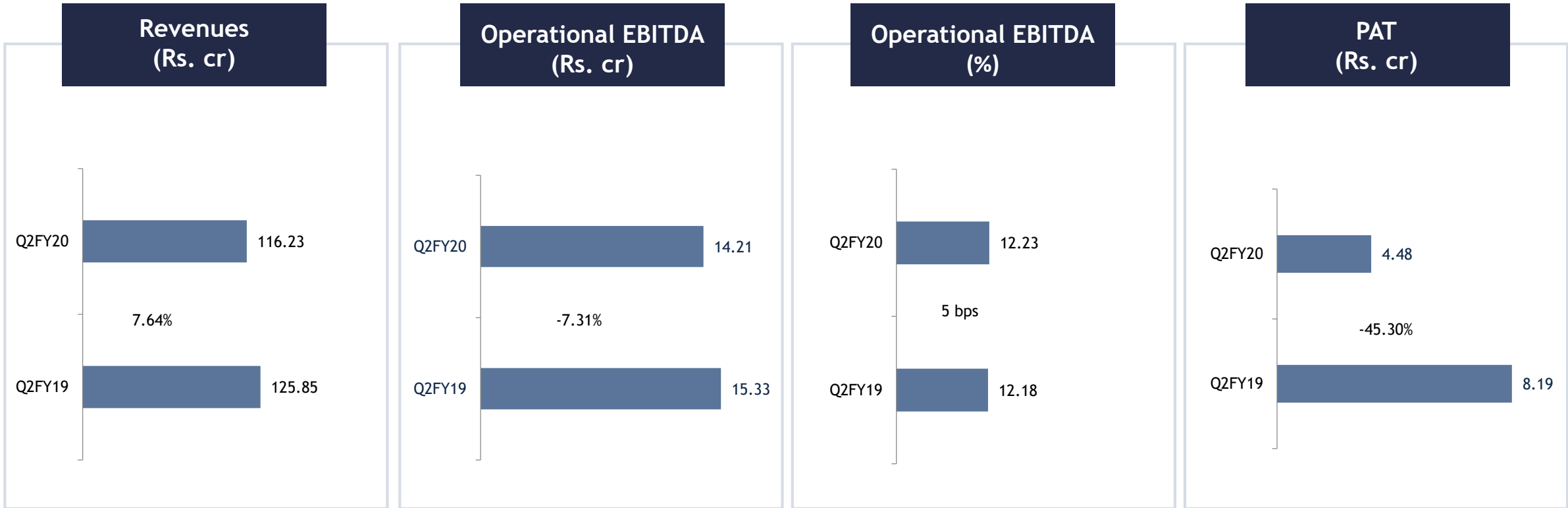


Q2FY20 FINANCIAL HIGHLIGHTS



NEW COLLECTION

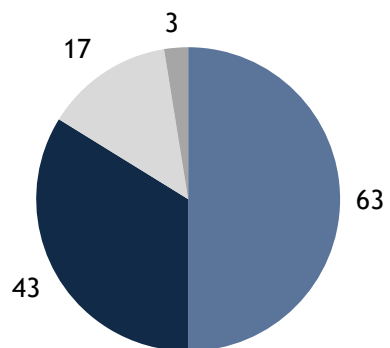
NEW FASHION



REVENUE CONTRIBUTION

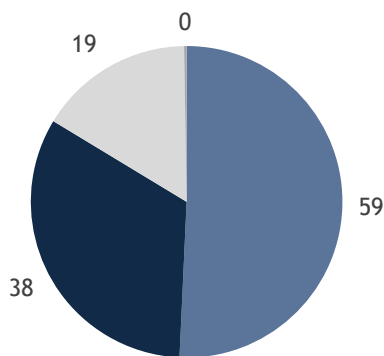


Q2FY19



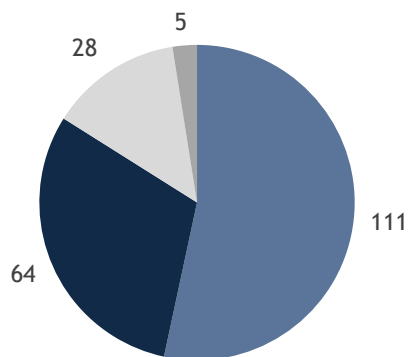
■ Retail ■ Wholesale ■ e-retail ■ Others

Q2FY20



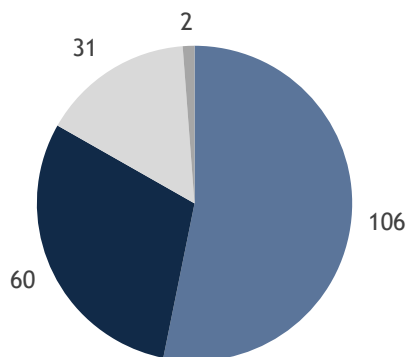
■ Retail ■ Wholesale ■ e-retail ■ Others

H1FY19



■ Retail ■ Wholesale ■ e-retail ■ Others

H1FY20



■ Retail ■ Wholesale ■ e-retail ■ Others

- Retail revenue declined 6%. Like for Like flat at EBO. LFO revenues remained muted during major part of Q2. EOSS period remained soft despite higher discounts
- Distribution channel declined 10%. Continues to face pressure on account of slow off-takes especially in the family stores and migration of many small to medium retailers to other categories. Primary sales calibrated based on secondary off-takes to avoid inventory build-up.
- E-commerce continues to grow during the quarter too.
- Boys wear business continues to do well and contribution to overall sales has increased by 2.5% pts as compared to last quarter.

NEW FASHION

Q2&H1FY20 SNAPSHOT



SUMMARY



Q2FY20

Particulars (Rs. Crs)	Without IND AS 116	Impact	With IND AS 116
Net Revenue	116.23	-	116.23
EBITDA	10.07	4.91	14.98
EBITDA Margin %	8.66		12.89
Depreciation	1.59	-3.88	5.47
Interest Cost	3.04	-2.15	5.19
PBT before exceptions	5.44	-1.12	4.32
PBT Margin %	4.68		3.72

- Revenues declined 7.6% for the quarter on account of consumption slowdown and liquidity issues. Consumer sentiments remained muted for most part of Q2.
- Operational EBITDA at 12.2%. Pre Ind AS at 8% primarily on account of elevated discount spends and higher advertisement for MSD Campaign and content development.
- Pre Ind AS 116 PBT margin declined 5.3% pts

H1FY20

Particulars (Rs. Crs)	Without IND AS 116	Impact	With IND AS 116
Net Revenue	199.53	-	199.53
EBITDA	20.61	9.41	30.02
EBITDA Margin %	10.33%		15.05%
Depreciation	3.11	-7.48	10.59
Interest Cost	5.20	-4.15	9.35
PBT before exceptions	12.30	-2.22	10.08
PBT Margin %	6.17%		5.06%

*EBITDA Includes other income

PROFIT AND LOSS HIGHLIGHTS



Rs. Crs.	Q1FY20	Q1FY19	Change (%)
Revenues	116.23	125.85	-7.64
Cost of Materials	-0.01	0.97	
Purchase of Finished Goods	81.05	94.22	
Change in Inventories	-8.07	-15.10	
Garment Processing Costs	0.25	0.47	
Employee Benefit Expenses	5.46	7.32	
Other Expenses	23.34	22.64	
Total Expenses	102.02	110.52	-7.69
Operating EBITDA	14.21	15.33	-7.31
Other Income	0.77	0.49	
Gross EBITDA	14.98	15.82	-5.31
Finance Costs	5.19	1.87	
Depreciation	5.47	1.35	
Profit Before Tax	4.32	12.60	-65.67
Tax Expenses	-0.16	4.41	
Profit After Tax (before other comprehensive income)	4.48	8.19	-45.30
Other Comprehensive Income (net of tax)	-0.21	-0.20	
Total Comprehensive Income	4.27	7.99	

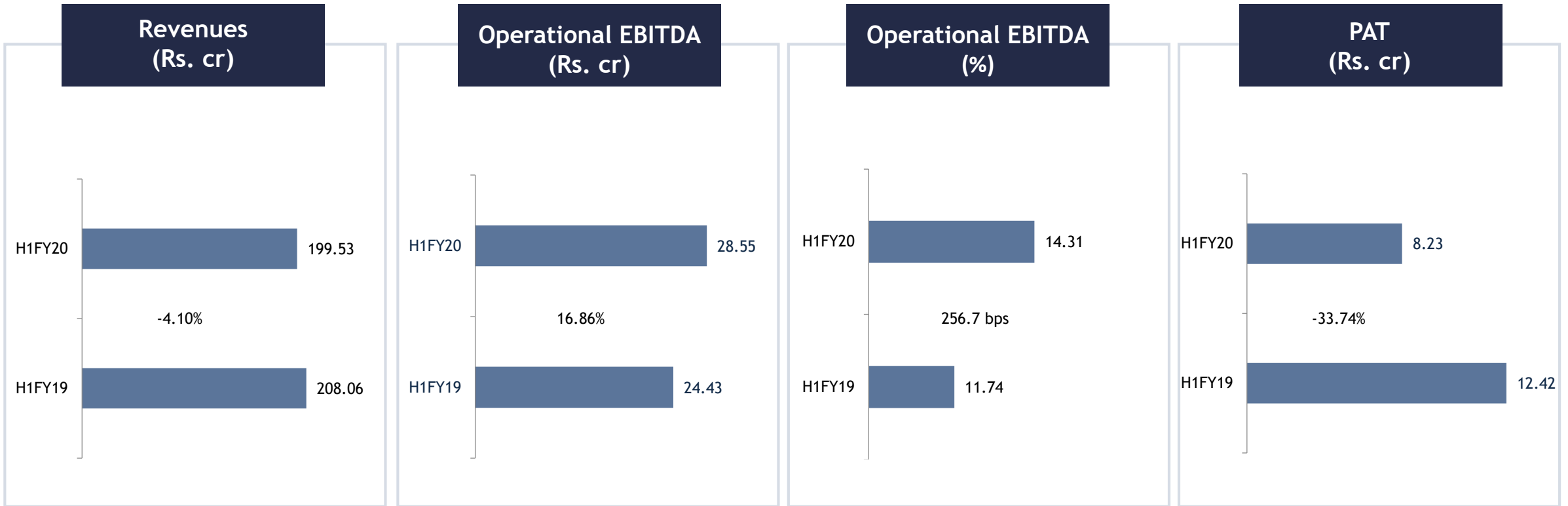
The Company has adopted Ind AS 116 using modified retrospective approach effective 01st April 2019 and hence figures are not comparable

HALF YEARLY FINANCIAL HIGHLIGHTS



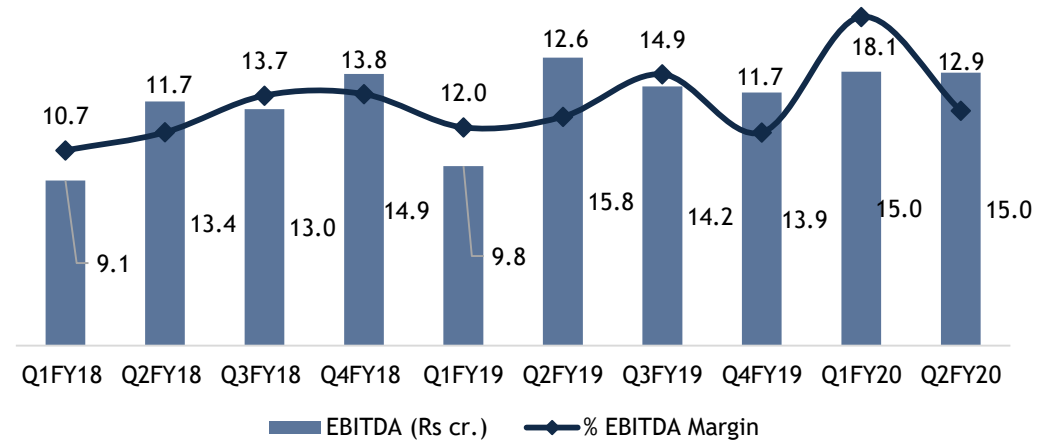
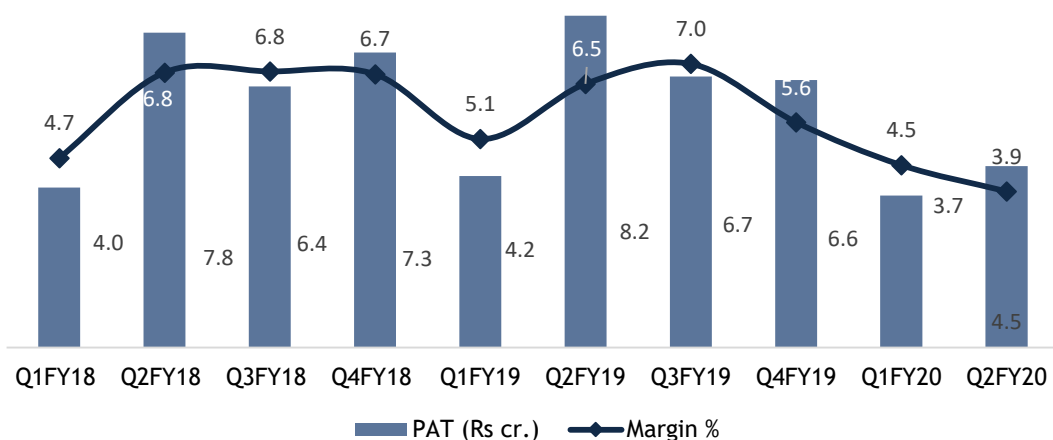
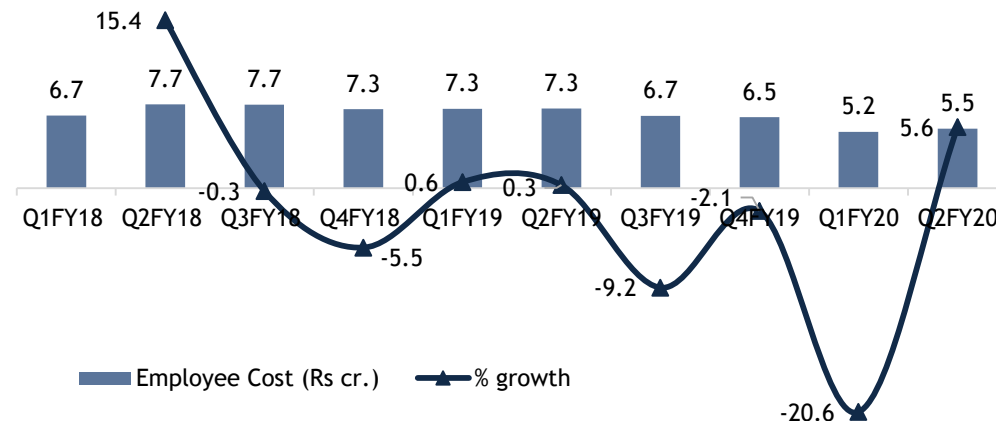
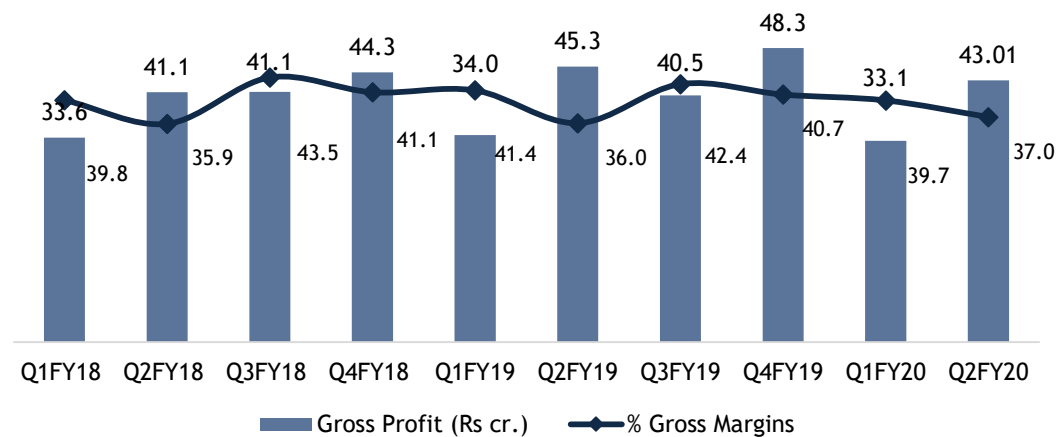
NEW COLLECTION

NEW FASHION



- Revenues declined 4%. Stood @ 199.53 Cr.
- EBITDA margin rose by 257 bps at 14.3%. Pre-INDAS EBIDTA margins @ 10.3%
- PAT at Rs 8.23 Cr.

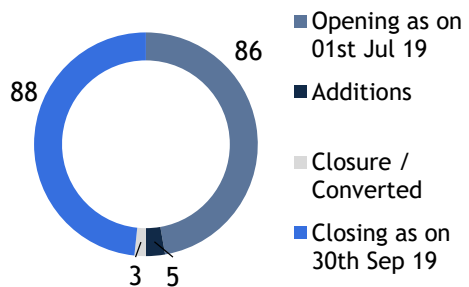
FOCUSED CHARTS



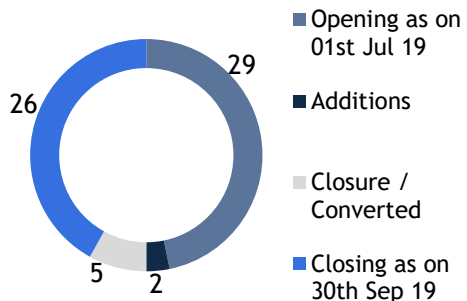
Q1FY20 figures are post Ind AS 116

EXCLUSIVE STORES

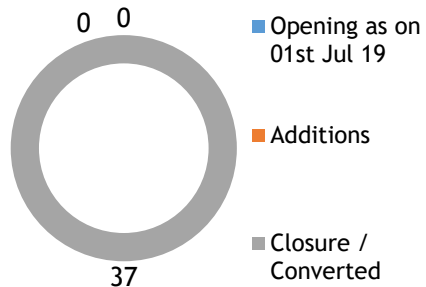
South



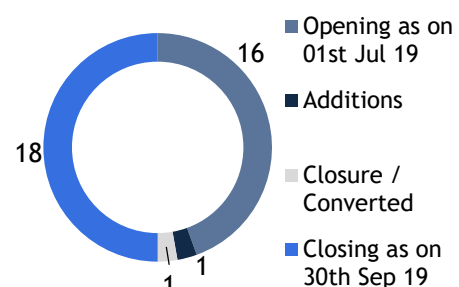
West



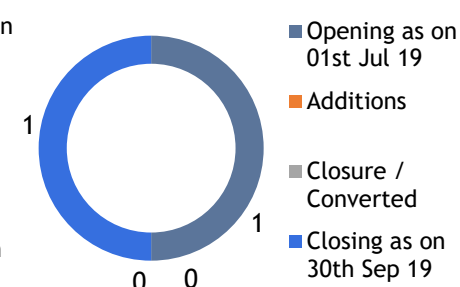
North



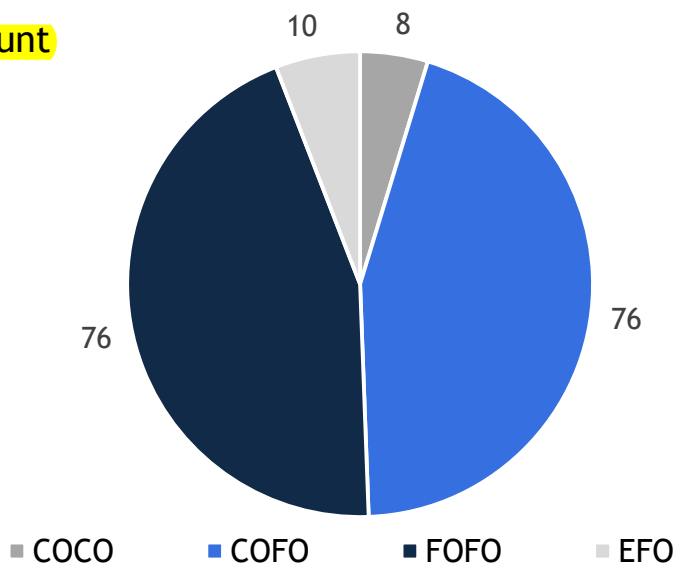
East



Out of India

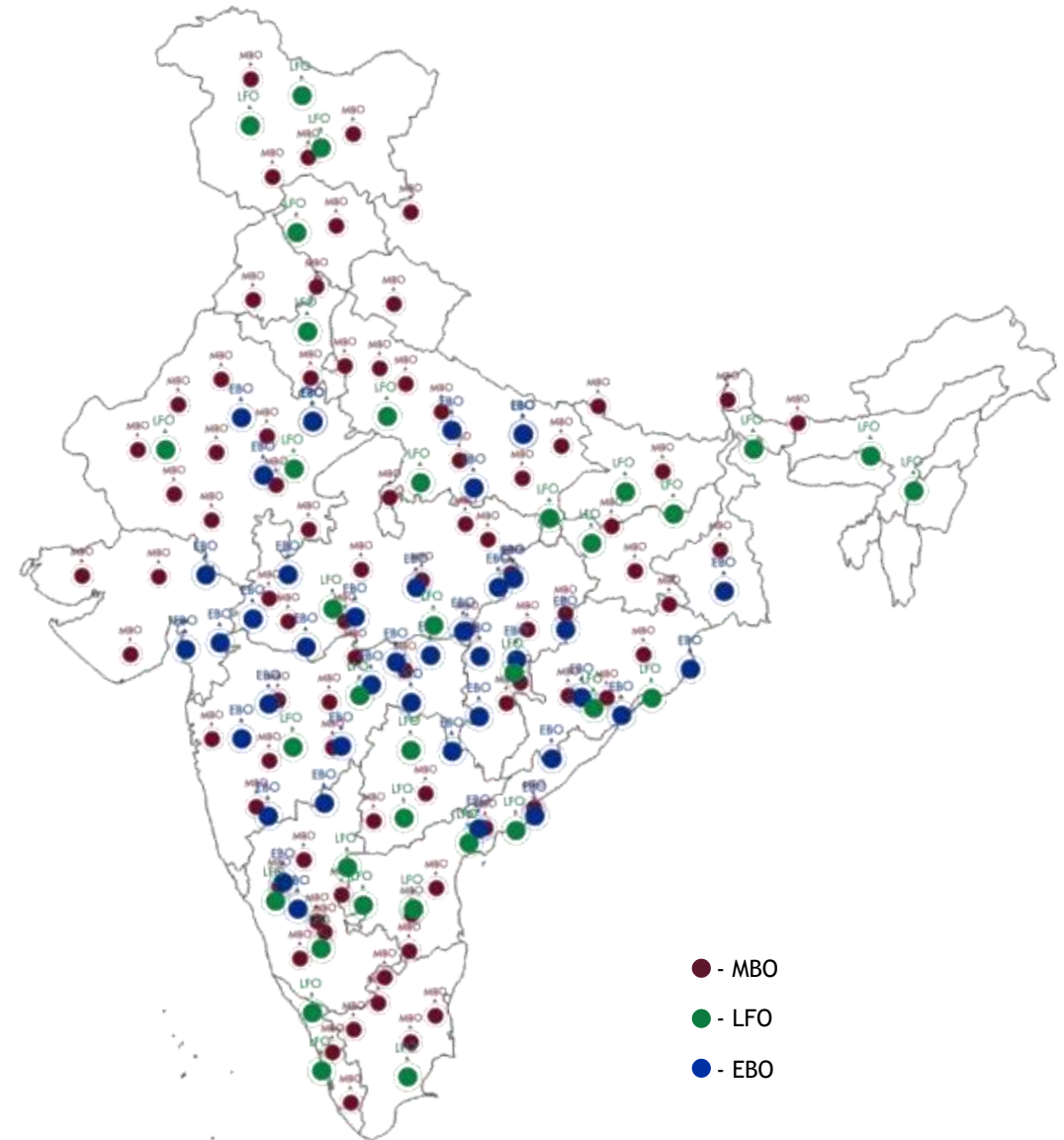
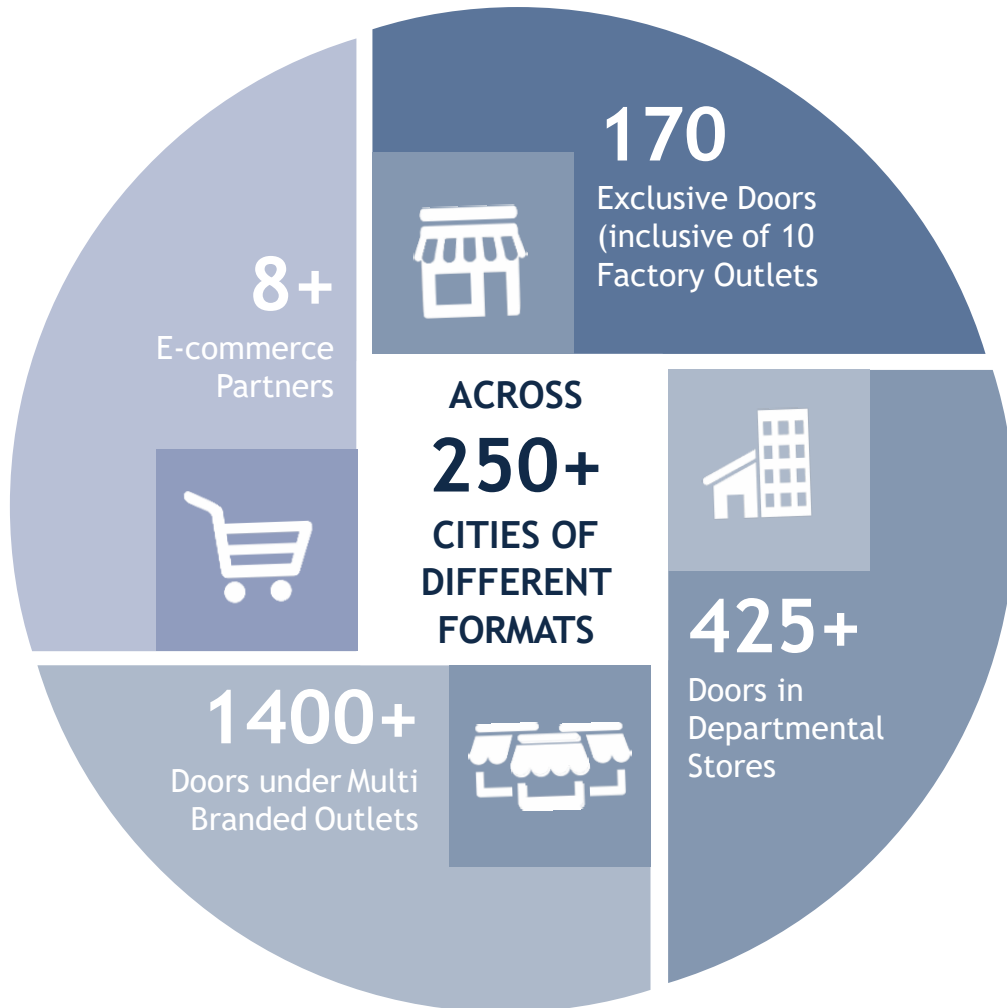


Store Count



*Store Count - 170 under direct management + 3 Stores under distributor management

DISTRIBUTION NETWORK



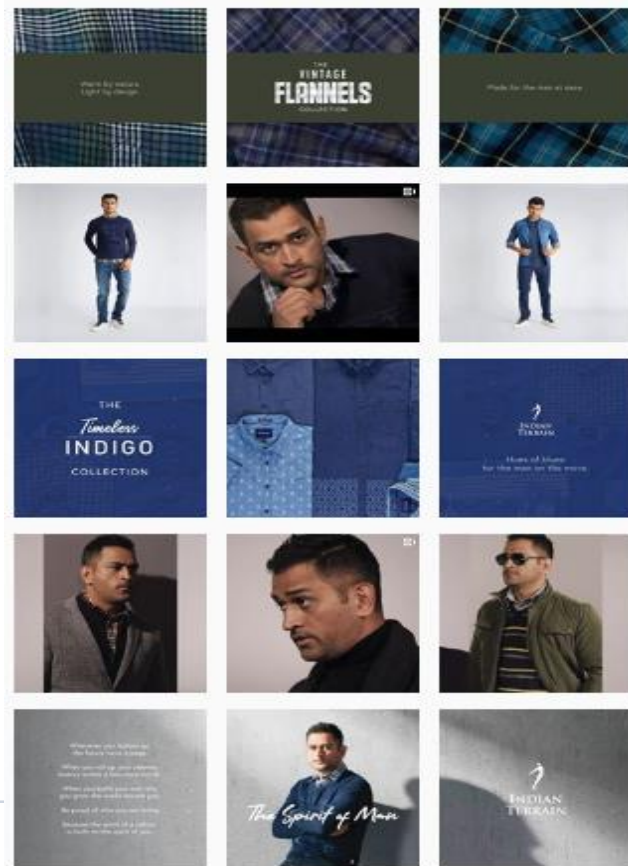
NEW COLLECTION

NEW FASHION

...THROUGH INNOVATIVE, CLUTTER-BREAKING ADVERTISING AND DIGITAL INITIATIVES



INDIAN TERRAIN



4,45,904 Likes



18,044 Followers

INDIAN TERRAIN BOY



36,326 Likes



3,851 Followers

NEW FASHION

“ At Indian Terrain,
we love spending
every day in
creating clothing
of elegant style
and remarkable
comfort that

‘makes
you
feel
good’

”



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

MAGNETO MALL - BILASPUR



TRIVANDRUM



KUMBAKONAM



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

RAJKOT



KOTTAYAM



POLLACHI



NEW COLLECTION

NEW FASHION



FINANCIAL STATEMENTS



PROFIT & LOSS STATEMENT - QUARTERLY



Standalone Profit & Loss (INR cr)	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20
Income from Operations	84.5	114.5	94.5	107.9	82.2	125.9	95.6	118.7	83.3	116.2
Other Income	1.1	0.3	0.3	0.8	0.8	0.5	0.5	1.3	0.7	0.8
Total Income	85.5	114.8	94.8	108.8	83.0	126.3	96.0	120.0	84.0	117.0
Operating Expenses	76.5	101.4	81.9	93.9	73.1	110.5	81.8	106.1	69.0	102.0
EBITDA	9.1	13.4	13.0	14.9	9.8	15.8	14.2	13.9	15.0	15.0
Margin %	10.7	11.7	13.7	13.8	12.0	12.6	14.9	11.7	18.1	12.9
Depreciation	0.9	0.9	1.4	1.1	1.3	1.4	1.4	1.5	5.1	5.5
EBIT	8.2	12.5	11.6	13.8	8.6	14.5	12.8	12.4	9.9	9.5
Margin %	9.7	11.0	12.3	12.8	10.4	11.5	13.4	10.4	11.9	8.2
Financial Charges	2.1	0.7	1.7	2.5	2.1	1.9	2.5	2.0	4.2	5.2
PBT	6.0	11.9	9.9	11.3	6.5	12.6	10.3	10.4	5.8	4.3
Margin %	7.1	10.4	10.4	10.5	7.9	10.0	10.8	8.8	6.9	3.7
Tax	2.1	4.1	3.4	4.0	2.3	4.4	3.6	3.8	2.0	-0.2
PAT	4.0	7.8	6.4	7.3	4.2	8.2	6.7	6.6	3.7	4.5
Margin %	4.7	6.8	6.8	6.7	5.1	6.5	7.0	5.6	4.5	3.9

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)	FY14	FY15	FY16	FY17	FY18	FY19	H1FY18	H1FY19	H1FY20
Income from Operations	232.0	290.0	325.0	325.9	401.5	422.4	199.0	208.1	199.5
Other Income	0.3	0.8	5.2	5.3	2.5	3.0	1.4	1.2	1.5
Total Income	232.3	290.8	330.2	331.2	404.0	425.4	200.3	209.3	201.0
Operating Expenses	207.9	256.9	283.9	285.9	353.6	371.5	177.9	183.6	171.0
EBITDA	24.4	33.9	46.3	45.3	50.4	53.8	22.5	25.7	30.0
Margin %	10.5	11.7	14.2	13.9	12.5	12.7	11.3	12.3	15.0
Depreciation	2.5	2.9	2.3	3.1	4.2	5.5	1.8	2.6	10.6
EBIT	21.9	31.0	43.9	42.2	46.1	48.3	20.7	23.1	19.4
Margin %	9.5	10.7	13.5	12.9	11.5	11.4	10.4	11.1	9.7
Financial Charges	9.5	8.6	7.0	8.9	7.0	8.5	2.8	4.0	9.4
PBT	12.4	22.3	37.0	33.3	39.1	39.8	17.9	19.1	10.1
Margin %	5.4	7.7	11.4	10.2	9.7	9.4	9.0	9.2	5.1
Tax	2.6	4.4	4.0	10.4	13.7	14.1	6.2	6.7	1.9
PAT	9.9	18.0	33.0	22.8	25.4	25.7	11.7	12.4	8.2
Margin %	4.3	6.2	10.2	7.0	6.3	6.1	5.9	6.0	4.1

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)	FY14	FY15	FY16	FY17	FY18	FY19
Share capital	5.7	7.2	7.3	7.6	7.6	7.6
Reserves and Surplus	30.5	119.2	146.2	171.3	196.4	222.1
Non-current liabilities	21.3	7.9	18.4	13.4	20.3	23.2
Current liabilities	83.2	81.3	90.9	108.6	152.6	165.4
Total Equity and Liabilities	140.7	215.5	262.8	300.8	377.0	418.3
Non-current assets	16.8	20.5	40.0	50.3	61.7	67.7
Current assets	124.0	195.0	222.8	250.5	315.2	350.6
Total Assets	140.7	215.5	262.8	300.8	377.0	418.3
Key Ratios	FY14	FY15	FY16	FY17	FY18	FY19
RoCE (%)	24.8	18.2	19.8	16.1	17.9	18.4
RoE (%)	27.3	14.2	21.5	15.4	12.5	11.2
Net debt to equity (x)	1.34	-0.18	-0.16	-0.11	-0.06	-0.02
Interest coverage (x)	2.3	3.5	5.6	4.1	6.2	5.4
Inventory days	175	135	138	159	136	99
Receivables days	121	120	111	123	162	208
Payable days	66	69	101	103	141	126

CASH FLOW STATEMENTS



Rs. Crs.	H1FY20
Profit Before Working Capital Changes	28.47
Changes in Working Capital	-19.05
Cash Flow from operation before tax	9.42
Income Taxes paid	-2.00
Cash flow generated from operations	7.42
<i>CFO/PAT (x)</i>	0.90
Cash Flow from investing activities	6.46
Property, Plant and equipment	-4.15
Others	10.61
Free Cash Flow	2.96
Cash Flow from financing activities	-15.90
Repayment of Lease Liabilities	-4.48
Repayment of Debt (Short + Long)	-2.07
Finance Cost	-9.35
Net increase in cash flow	-2.02
Opening Cash Balance	7.83
Closing cash balance	5.82



OUTLOOK



E-COMMERCE IS RAPIDLY GAINING TRACTION AND ENHANCING CONSUMER EXPERIENCE OF SHOPPING



NEW COLLECTION

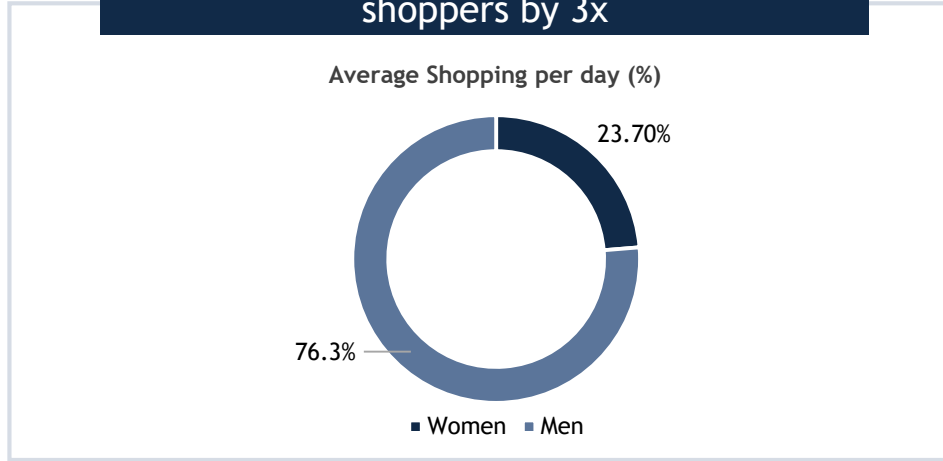
NEW FASHION

Availability of internet at lower cost is expected to see a rise in online users



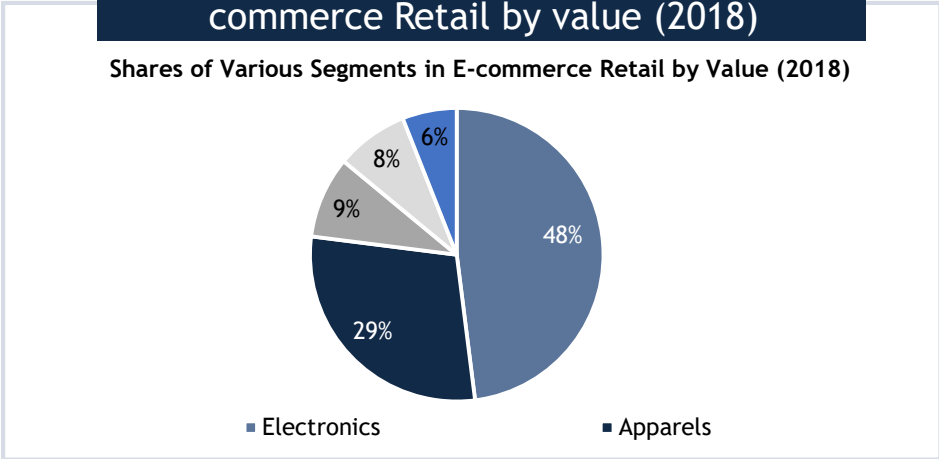
Source: eshopworld

Men outnumber women online shoppers by 3x



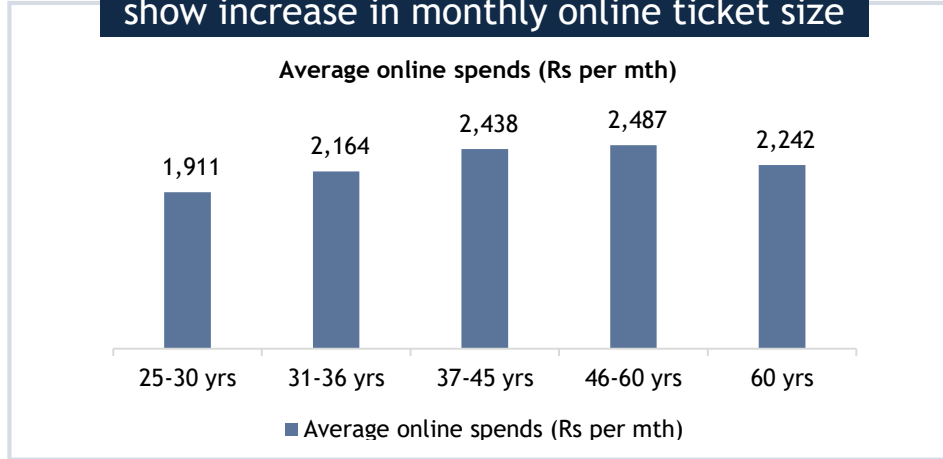
Source: Business Standard

Shares of Various Segments in E-commerce Retail by value (2018)



Source: Industry Report

Higher age groups between 37-60 years show increase in monthly online ticket size

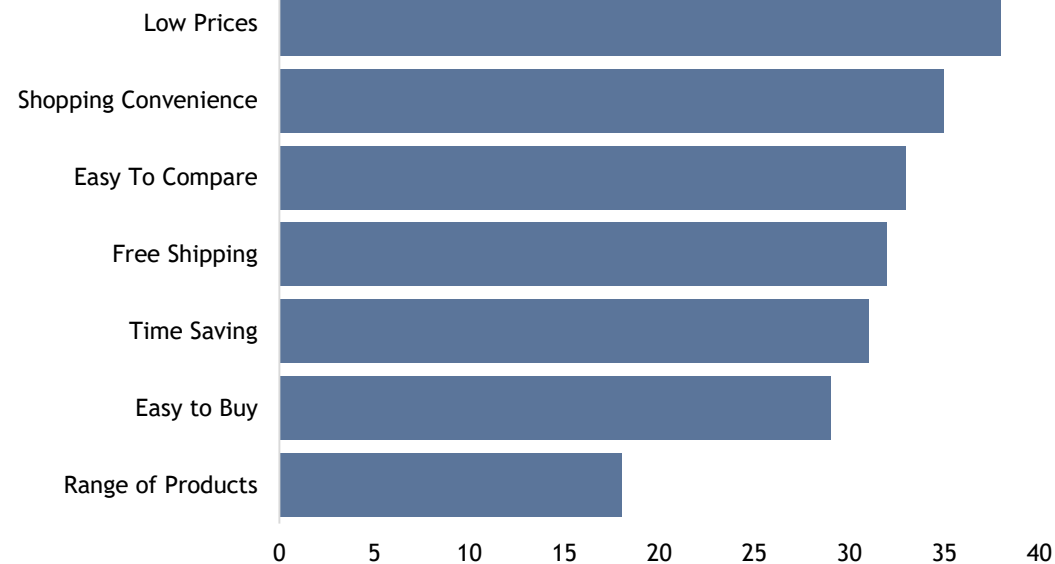


Source: Business Standard

OPPORTUNITIES

Why people are using e-commerce ?

Why people shop online?



**LOW INVESTMENT
– HIGH RETURNS**



**BENEFITS
APLENTY**



**NO SPECIAL
TECHNICAL SKILLS
REQUIRED**



**ADVERTISING
MADE EASY**

Source: Invesp : Deloitte - Online Retail in India Clicking Towards Growth, (2014)

WAY FORWARD



Expansion in Direct to consumer channel on a Franchised Asset light model. Smaller towns continues to be the focus



Focus on profitable revenue growth and working capital efficiency



Ecom continues to be the opportunity and growth lever. Aggressive plans for expansion



Increased focus on Boys wear as grow driver on all channels



Format, specific product segmentation to drive newer demographics and address special occasion needs



OUTLOOK



Consumer offtakes remains moderate post festive period

Demand expected to be driven only by specific needs/ occasions (weddings) than impulse

Strong winter season expectations for North and East



Overall the quarter is expected to be modest. We stay invested in our core fundamentals during these hard times



ANNEXURE





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

Live the
Superhero Life

A/W '19 COLLECTION

DISCOVER NOW

NEW FASHION

NEW COLLECTION





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

CONTACT INFORMATION



Contact information

Name : Mr. N.Nandakumar (CFO)
Email : response.itfl@indianterrain.com

Corporate office

Indian Terrain Fashions Limited, SDF IV & C2,
3rd Main Road, MEPZ - SEZ, Tambaram,
Chennai 600 045, INDIA