ITFL/SEC/2020-21/JUN/07 **29th June, 2020**

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Scrip Code – 533329

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

Dear Sir/Madam,

Sub: Investor presentation for the quarter and financial year ended 31st March, 2020

We hereby enclose the Investor Presentation on the audited standalone financial results of the Company for the quarter and financial year ended 31st March, 2020 .

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

'makes you feel good'

Q4&FY20

PERFORMANCE HIGHLIGHTS

JUNE 2020

SAFE HARBOR

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.

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- COVID-19 Impact
- Result Highlights
- Exclusive Stores
- Financial Statements
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- Annexure

INDIAN TERRAIN

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COVID-19 IMPACT & RESULT HIGHLIGHTS

INDUSTRY IMPACT

- As per Clothing Manufacturing Associations of India (CMAI) due to the national lockdown from 24th March, 2020 the expected loss in India's apparel industry is approximated to be ~ Rs 1,000bn
- Revenues had been impacted from the early March, 2020.
- Among the worst hit has been the India's leading export destinations of apparels which accounts for more than 50% of its exports
- Strong voices have gone out requesting the government for stimulus packages in the from of consider wage and working capital subsidies
- Brick and Motor Apparel operations have found it difficult to cope up with the shocks from the pandemic owing to the demand slump, inventory pile up and due to this receivables stagnated and collections deferred
- Major turbulences witnessed by the domestic apparel industry are the deferment of shipments, logistical issues and order cancellations
- All the above have left the industry in doldrums and have had a drastic economic impact on companies within the industry

COMPANY IMPACT

- Due to the national lockdown imposed, business operations began to slowdown from the beginning of March month owing to subdued demand thus impacting on revenues and profits
- In reference to the above, Decline in the financials was witnessed in Q4 and the full year numbers
- Monthly fixed cost expenses such as staff cost, Rent and electricity charges incurred without revenue due to lockdown
- The Sharp Revenue drop (especially in high contribution Channels) had deep impact on the Contribution Margins and with fixed costs more or less at full levels for the quarter had a big impact on Operating EBIDTA.

POST COVID MEASURES

- Indian terrain aims in making few of its cost aligned to sales, thus helping it in cost rationalization during unprecedented times like these
- Faster conversion of Inventory to sales via various sales channels which enables further cash releases and conserve working capital
- As E-commerce has been growing faster and unaffected, Indian Terrain is objectively considering to close down stores which are unviable with high cost structures
- Company is taking strong steps to shift from fixed rent cost model to revenue sharing model in proportion to the sales.

QUARTERLY - RESULT HIGHLIGHTS

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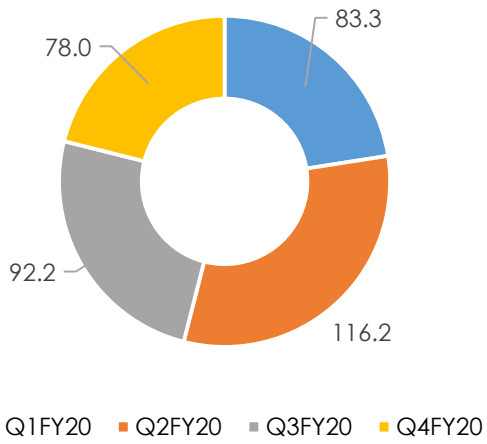
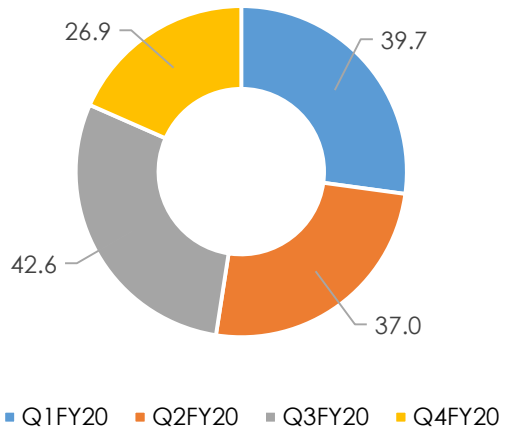
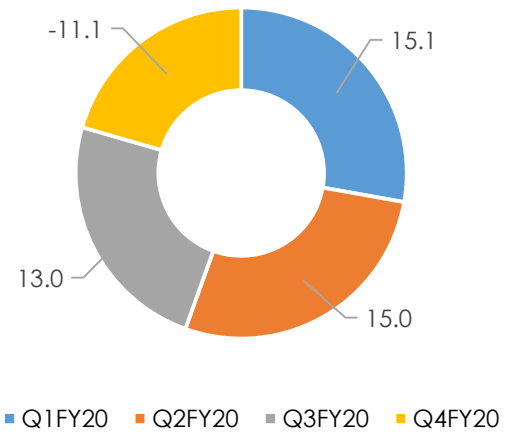
Sales (Rs. Cr)



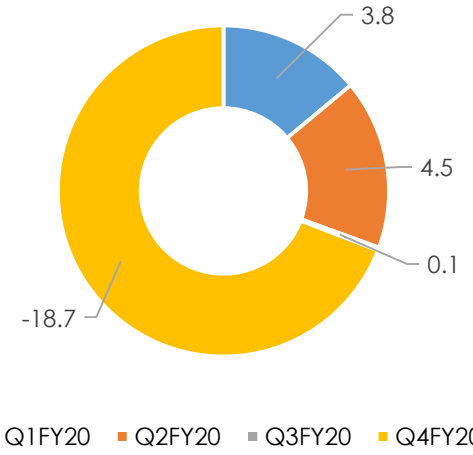
Gross Margins (%)



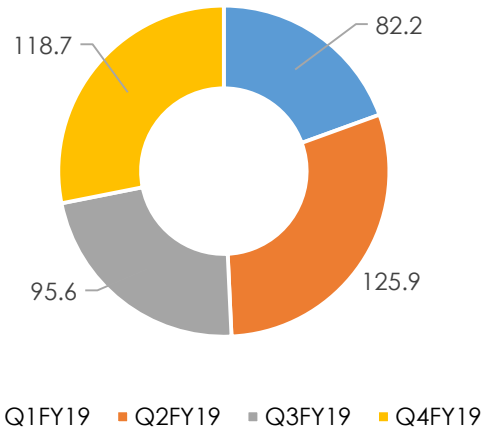
Gross EBITDA (Rs. Cr)



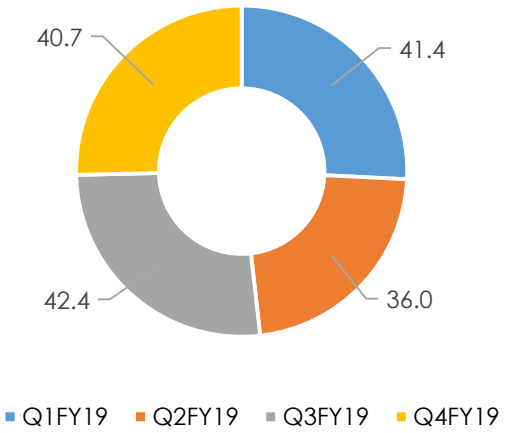
PAT (Rs. Cr)



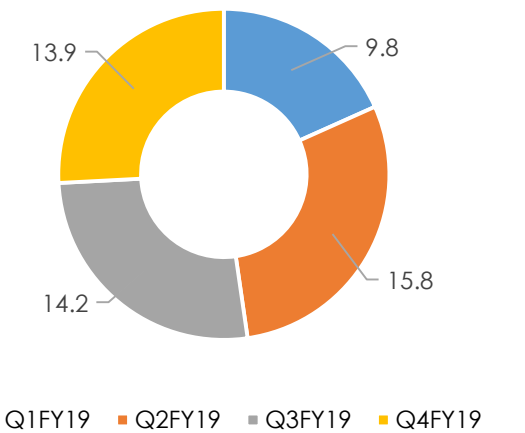
Sales (Rs. Cr)



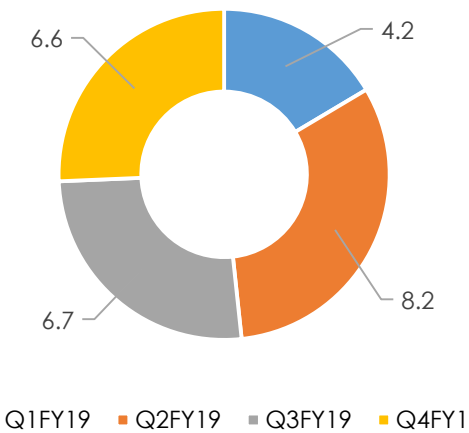
Gross Margins (%)



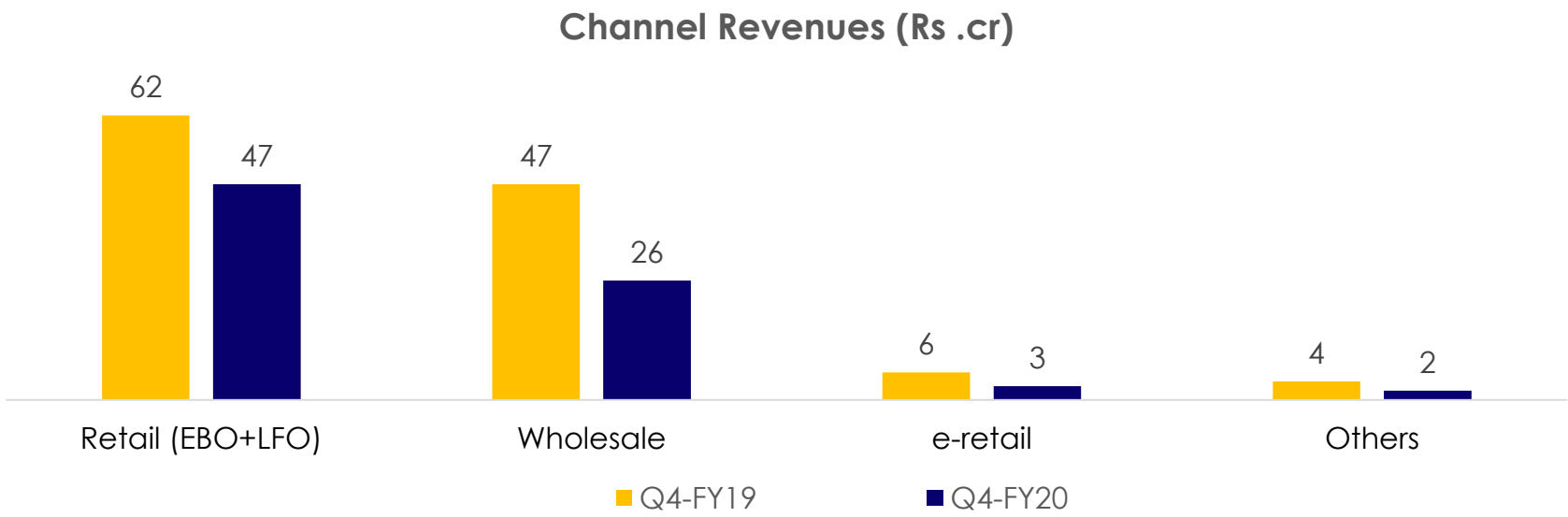
Gross EBITDA (Rs. Cr)

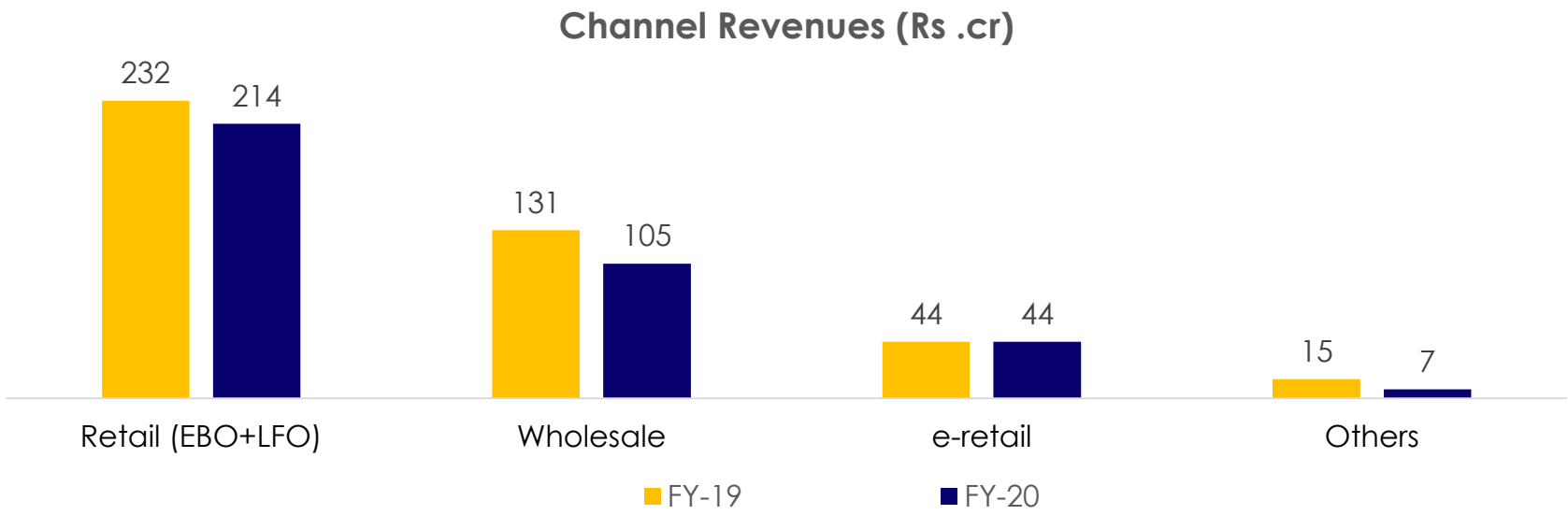


PAT (Rs. Cr)



EXCLUSIVE STORE COUNT



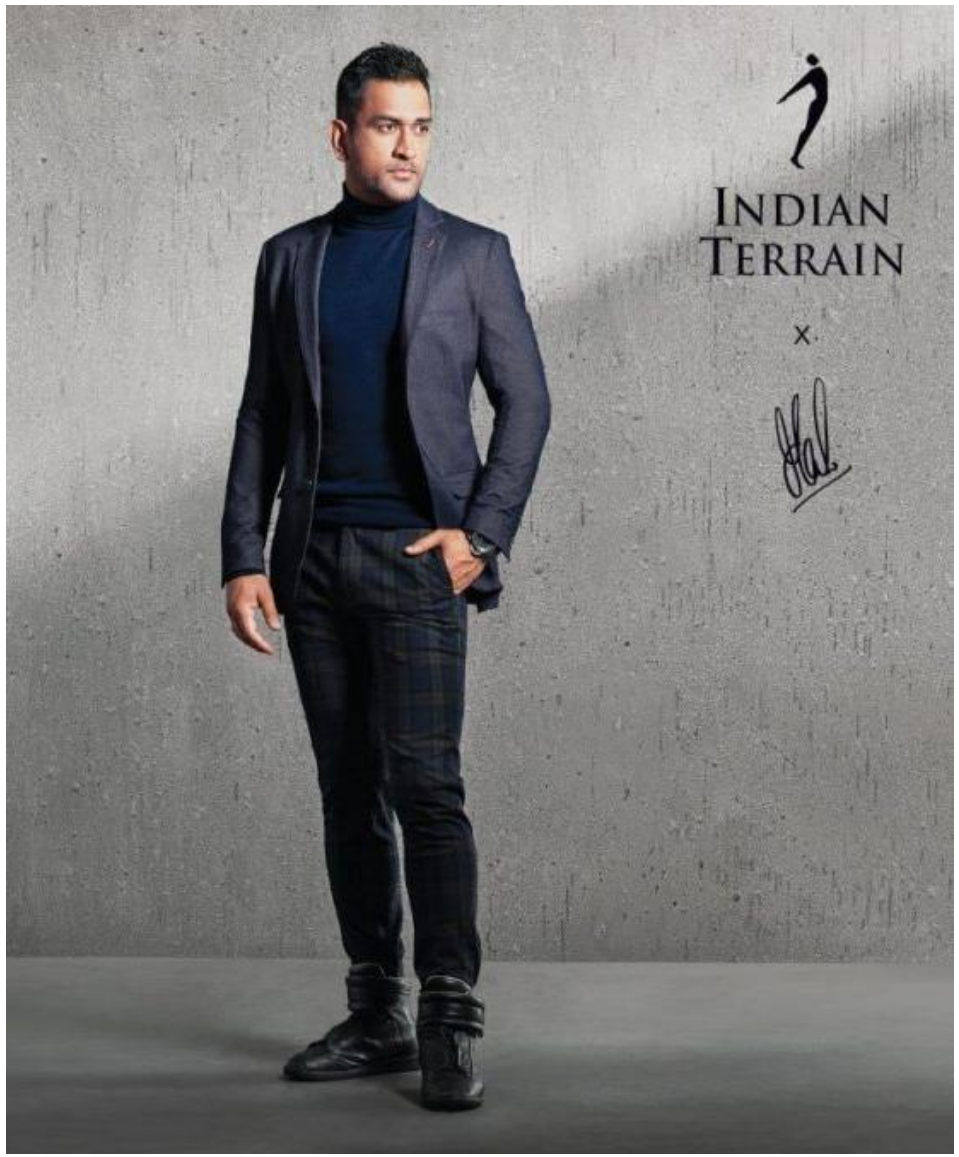


- Consumer sentiment that was improving in the later part of Q3 and post EOSS took a pause immediately post
- A big impact on MBO Distribution Channel and LFO Dept Stores since all dispatches from first week of March got held up and orders put on hold
- Sharp Drop in Q4 since Inventory build up got impacted with the shutdown.

AUGMENTING REVENUES WITH NEW STRATEGIES

- Continued Focus on Small Town Retail Expansion through franchisee model
- Planning to expand Boyswear presence to more stores
- Distribution Channel Focus on Tertiary Sales and Key Doors. Focus on down stocking to reduce inventory to optimal levels
- Department Stores focus on aligning inventory levels to optimal levels, Continue to strengthen partnership with Reliance with addition of Boyswear
- Big Thrust on E Retail and Omni Channel Commerce through own IT.Com platform
- Kidswear segment seeing steady demand and greater "brandedness" . Hence focus on expansion in this segment through Distribution and E-Retail
- New Channels of Sales – "Direct to Home"
- Increased Digitization across all parts of the business – Design and product development, Sampling, Selling and Distribution. This will help drive efficiency and reduced time and cost
- Moving to a closer to season 4 cycle routine to drive freshness and reduce overall inventory levels

Q4 & FY20 SNAPSHOT



SUMMARY

Q4FY20

Particulars (Rs. Crs)	Without IND AS 116	Impact	With IND AS 116
Net Revenue	118.74	-	118.74
EBITDA	-18.69	5.88	-12.81
EBITDA Margin %	-15.74		-10.79
Depreciation	1.65	4.83	6.48
Interest Cost	2.85	2.68	5.53
PBT before exceptions	-21.49	-1.64	-23.13
PBT Margin %	-18.10		-19.48

FY20

Particulars (Rs. Crs)	Without IND AS 116	Impact	With IND AS 116
Net Revenue	369.66	-	369.66
EBITDA	7.55	20.51	28.06
EBITDA Margin %	2.04		7.59
Depreciation	6.40	16.39	22.79
Interest Cost	11.57	9.05	20.62
PBT before exceptions	-6.56	-4.94	-11.50
PBT Margin %	-1.77		-3.11

PROFIT & LOSS HIGHLIGHTS

Rs. Crs.	Q4FY20	Q4FY19	Change (%)	FY20	FY19	Change (%)
Revenues	**77.98**	**118.74**	**-34.33**	**369.66**	**422.37**	**-12.48**
Cost of Materials	2.04	0.42		1.90	1.85	
Purchase of Finished Goods	59.18	86.30		238.62	239.46	
Change in Inventories	-4.50	-16.64		-8.38	10.68	
Garment Processing Costs	0.27	0.35		1.13	2.24	
Employee Benefit Expenses	5.04	6.51		21.65	27.78	
Other Expenses	28.76	29.17		86.68	89.53	
Total Expenses	**90.79**	**106.11**	**-14.44**	**341.60**	**371.54**	**-8.06**
Operating EBITDA	**-12.81**	**12.63**	**-201.43**	**28.06**	**50.83**	**-44.80**
Other Income	1.69	1.27		3.85	2.98	
Gross EBITDA	**-11.12**	**13.90**		**31.91**	**53.81**	
Finance Costs	5.53	1.97		20.62	8.46	
Depreciation	6.48	1.51		22.79	5.54	
Profit Before Tax	**-23.13**	**10.42**	**-321.98**	**-11.50**	**39.81**	**-128.89**
Tax Expenses	-4.46	3.82		-1.16	14.10	
Profit After Tax (before other comprehensive income)	**-18.67**	**6.60**	**-382.88**	**-10.34**	**25.71**	**-140.22**
Other Comprehensive Income (net of tax)	0.09	0.05		0.00	-0.06	
Total Comprehensive Income	**-18.59**	**6.65**		**-10.34**	**25.65**	

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

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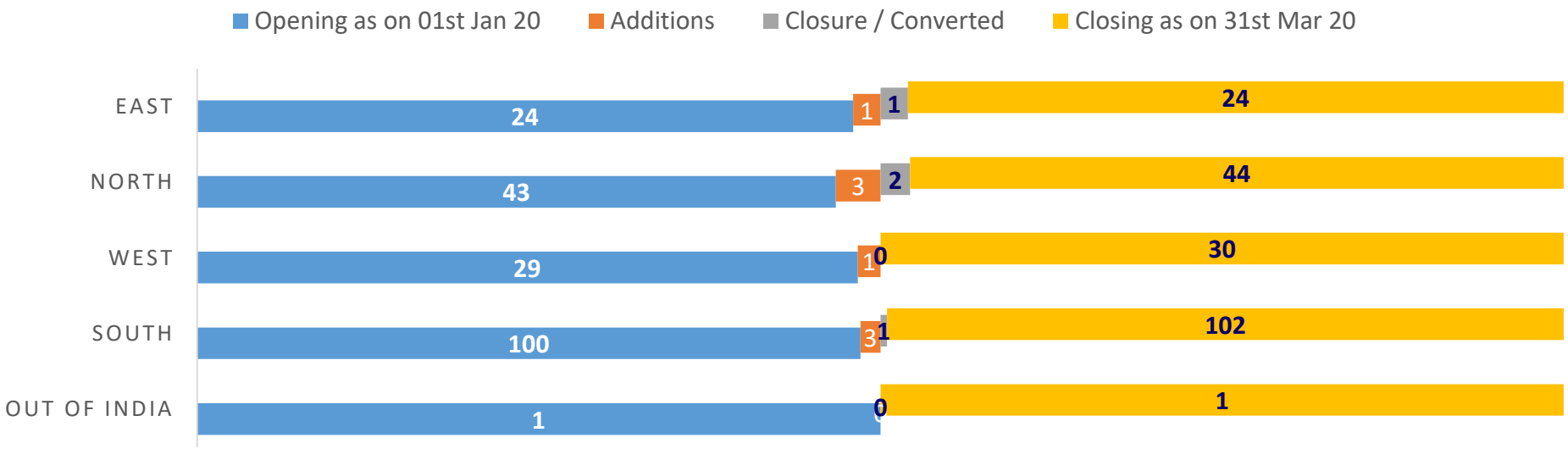
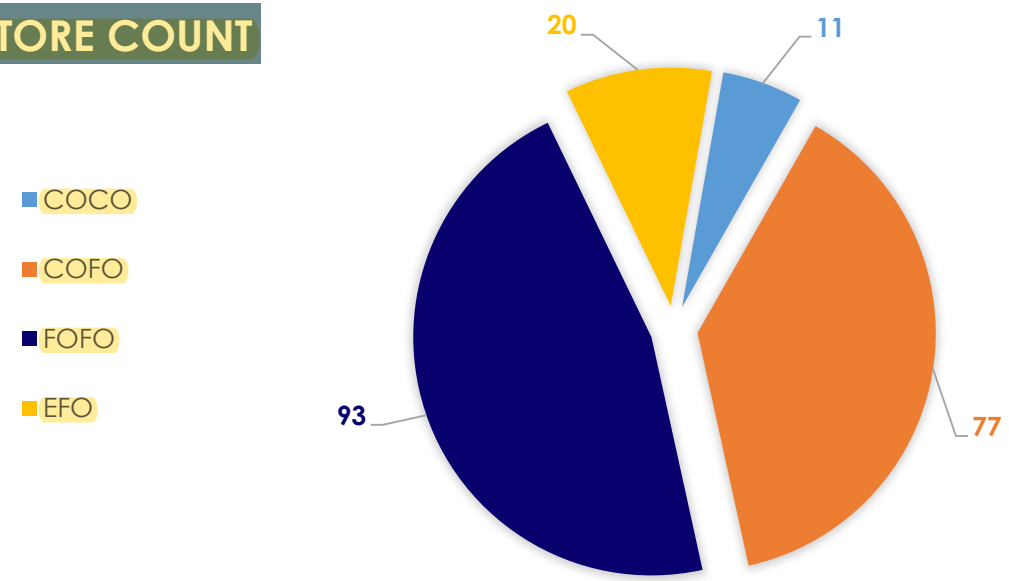
EXCLUSIVE STORES

EXCLUSIVE STORES



STORE COUNT



*Store Count - 201 under direct management + 5 Stores under distributor management

DISTRIBUTION NETWORK

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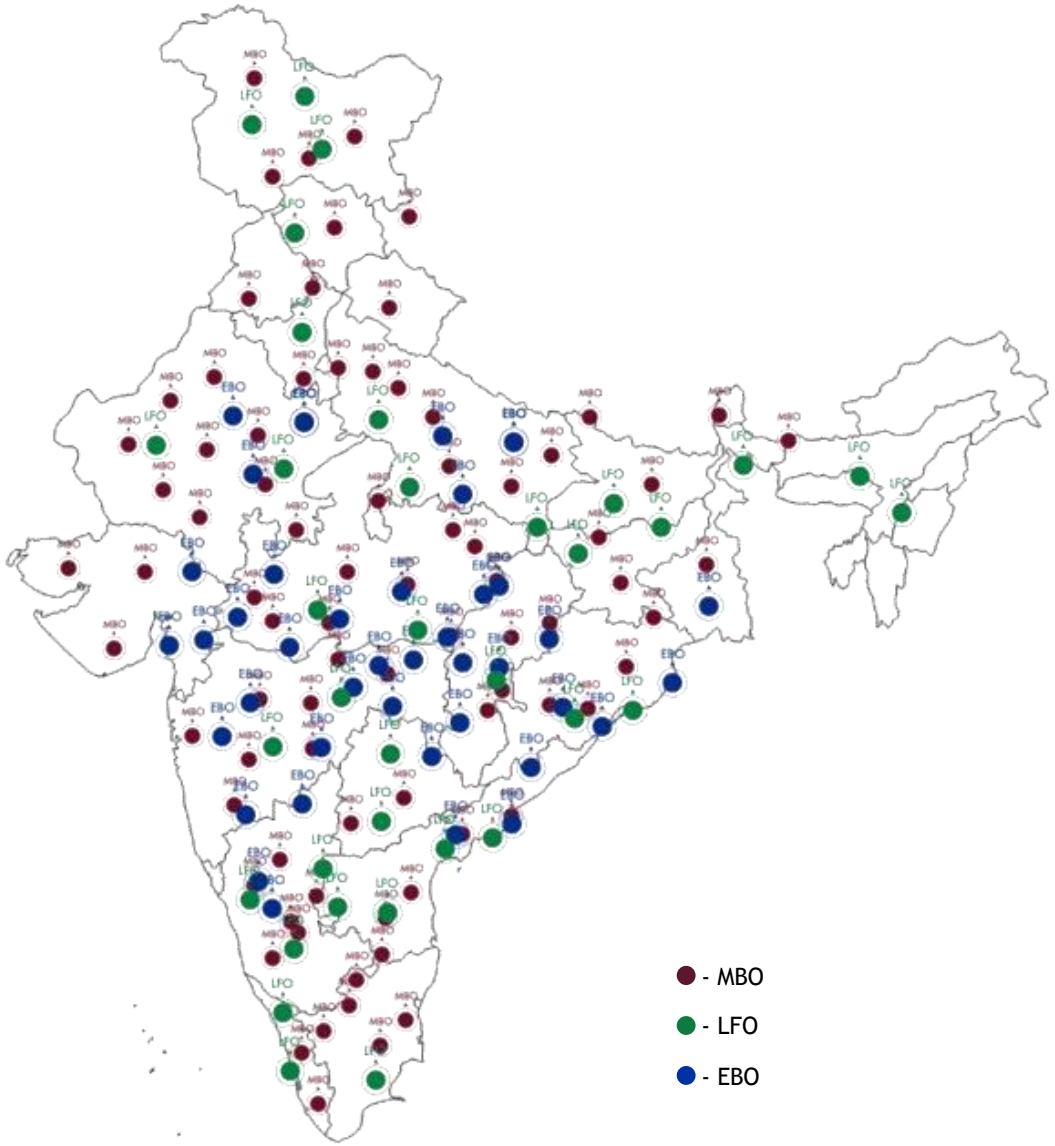
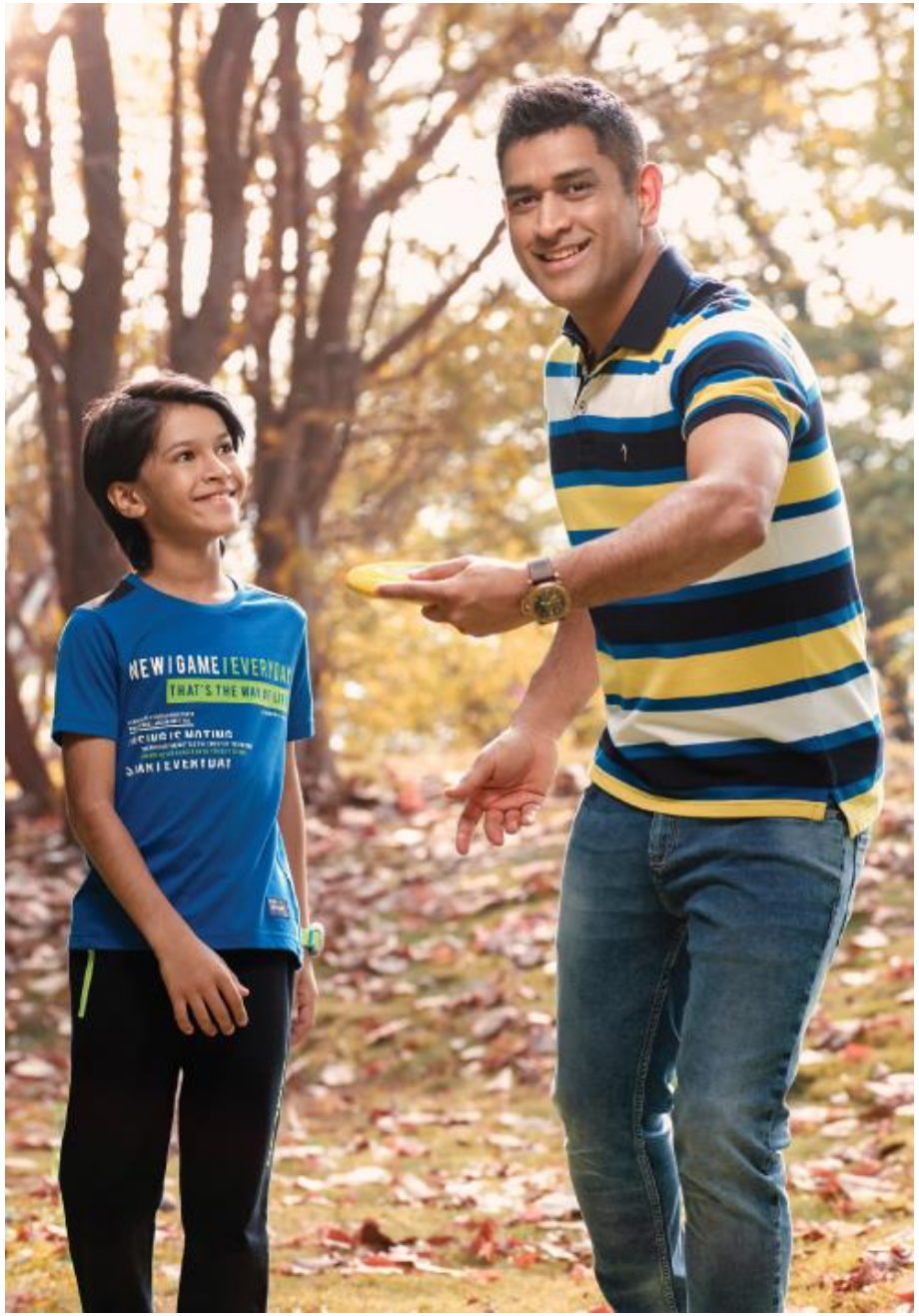
201
Exclusive Doors (inclusive of 20 Factory Outlets

+485
Doors in Departmental Stores



1400+
Doors under Multi Branded Outlets

8+
E-commerce Partners



INDIAN TERRAIN 'makes you feel good'

"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 FOCUS..

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ANAND - GUJARAT

TIRUPATI

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PRAYAGRAJ

ARIA MALL - GURGAON

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FINANCIAL STATEMENTS

PROFIT & LOSS STATEMENT - QUARTERLY

Standalone Profit & Loss (INR cr)	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20
Income from Operations	**107.9**	**82.2**	**125.9**	**95.6**	**118.7**	**83.3**	**116.2**	**92.2**	**78.0**
Other Income	0.8	0.8	0.5	0.5	1.3	0.7	0.8	0.7	1.7
Total Income	**108.8**	**83.0**	**126.3**	**96.0**	**120.0**	**84.0**	**117.0**	**92.8**	**79.7**
Operating Expenses	93.9	73.1	110.5	81.8	106.1	69.0	102.0	79.9	90.8
EBITDA	14.9	9.8	15.8	14.2	13.9	15.1	15.0	13.0	-11.1
Margin %	**13.8**	**12.0**	**12.6**	**14.9**	**11.7**	**18.1**	**12.9**	**14.1**	**-14.3**
Depreciation	1.1	1.3	1.4	1.4	1.5	5.1	5.5	5.7	6.5
EBIT	13.8	8.6	14.5	12.8	12.4	9.9	9.5	7.3	-17.6
Margin %	**12.8**	**10.4**	**11.5**	**13.4**	**10.4**	**11.9**	**8.2**	**7.9**	**-22.6**
Financial Charges	2.5	2.1	1.9	2.5	2.0	4.2	5.2	5.7	5.5
PBT	11.3	6.5	12.6	10.3	10.4	5.8	4.3	1.5	-23.1
Margin %	**10.5**	**7.9**	**10.0**	**10.8**	**8.8**	**6.9**	**3.7**	**1.7**	**-29.7**
Tax	4.0	2.3	4.4	3.6	3.8	2.0	-0.2	1.5	-4.5
PAT	**7.3**	**4.2**	**8.2**	**6.7**	**6.6**	**3.8**	**4.5**	**0.08**	**-18.67**
Margin %	**6.7**	**5.1**	**6.5**	**7.0**	**5.6**	**4.5**	**3.9**	**0.1**	**-23.9**

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	FY20
Income from Operations	**232.0**	**290.0**	**325.0**	**325.9**	**401.5**	**422.4**	**369.7**
Other Income	0.3	0.8	5.2	**5.3**	2.5	3.0	3.9
Total Income	**232.3**	**290.8**	**330.2**	**331.2**	**404.0**	**425.4**	**373.5**
Operating Expenses	207.9	256.9	283.9	285.9	353.6	371.5	341.6
EBITDA	**24.4**	**33.9**	**46.3**	**45.3**	**50.4**	**53.8**	**31.9**
Margin %	**10.5**	**11.7**	**14.2**	**13.9**	**12.5**	**12.7**	**8.6**
Depreciation	2.5	2.9	2.3	3.1	4.2	5.5	22.8
EBIT	**21.9**	**31.0**	**43.9**	**42.2**	**46.1**	**48.3**	**9.1**
Margin %	**9.5**	**10.7**	**13.5**	**12.9**	**11.5**	**11.4**	**2.5**
Financial Charges	9.5	8.6	7.0	8.9	7.0	8.5	20.6
PBT	**12.4**	**22.3**	**37.0**	**33.3**	**39.1**	**39.8**	**-11.5**
Margin %	**5.4**	**7.7**	**11.4**	**10.2**	**9.7**	**9.4**	**-3.1**
Tax	2.6	4.4	4.0	10.4	13.7	14.1	-1.2
PAT	**9.9**	**18.0**	**33.0**	**22.8**	**25.4**	**25.7**	**-10.3**
Margin %	**4.3**	**6.2**	**10.2**	**7.0**	**6.3**	**6.1**	**-2.8**

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	FY20
Share capital	5.7	7.2	7.3	7.6	7.6	7.6	7.6
Reserves and Surplus	30.5	119.2	146.2	171.3	196.4	222.1	208.5
Non-current liabilities	21.3	7.9	18.4	13.4	20.3	23.2	90.0
Current liabilities	83.2	81.3	90.9	108.6	152.6	165.4	197.2
Total Equity and Liabilities	**140.7**	**215.5**	**262.8**	**300.8**	**377.0**	**418.3**	**503.3**
Non-current assets	16.8	20.5	40.0	50.3	61.7	67.7	140.8
Current assets	124.0	195.0	222.8	250.5	315.2	350.6	362.5
Total Assets	**140.7**	**215.5**	**262.8**	**300.8**	**377.0**	**418.3**	**503.3**

Key Ratios	FY14	FY15	FY16	FY17	FY18	FY19	FY20
RoCE (%)	24.8	18.2	19.8	16.1	17.9	18.4	2.7
RoE (%)	27.3	14.2	21.5	15.4	12.5	11.2	-4.8
Net debt to equity (x)	1.34	-0.18	-0.16	-0.11	-0.06	-0.02	0.46
Interest coverage (x)	2.3	3.5	5.6	4.1	6.2	5.7	0.4
Inventory days	175	135	138	159	136	110	107
Receivables days	121	120	111	123	162	207	248
Payable days	66	69	101	103	141	125	165

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INDUSTRY SNAPSHOT

E-com will play a big role in the revival of the economy

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India's retail sector at a glance

70-80%

Demand on e-commerce has recovered by 70-80% of pre-Covid levels

30%

Product selection on Amazon is still at 30% of pre-Covid levels: **Marketplace Pulse**

30%

Apparel among the hardest-hit categories online with 30% sales recovery

25-35%

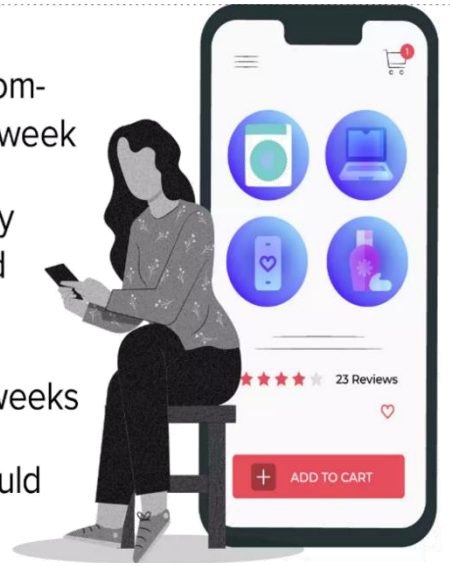
Offline stores see only 25-35% sales recovery compared to year-ago period

70-80% recovery in e-commerce orders in lastone week

Apparel sector sees only 30% recovery in demand

Pent-up demand could subside in the next 2-3 weeks

Online grocery sales could top $3 billion in 2020



Popular categories

Smartphones, laptops, small electronics, kitchen utensils, home appliance, health & wellness

Few takers for

Apparel, furniture, large appliances, automotive accessories

Source : ET Research

E-com will play a big role in the revival of the economy

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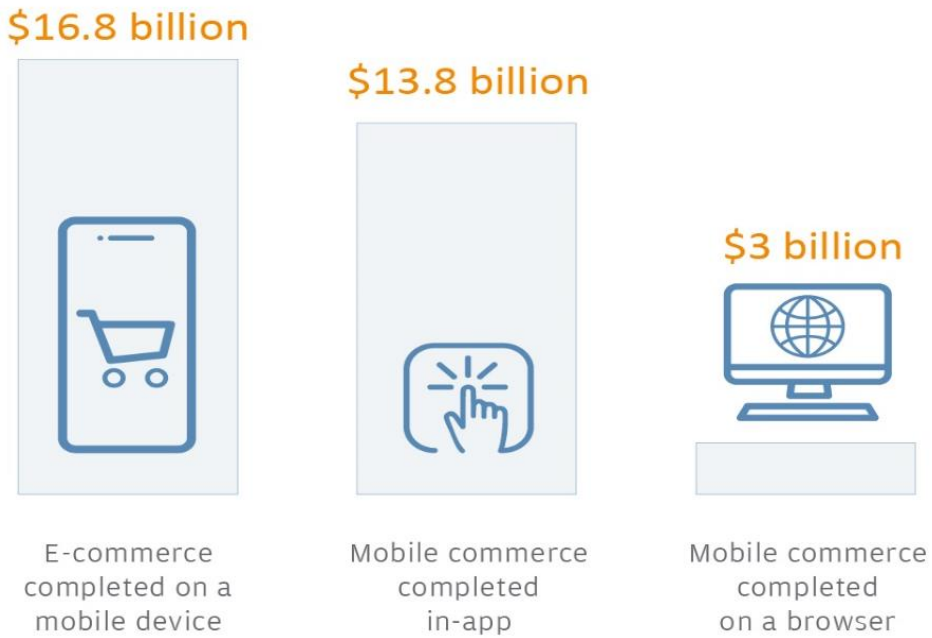
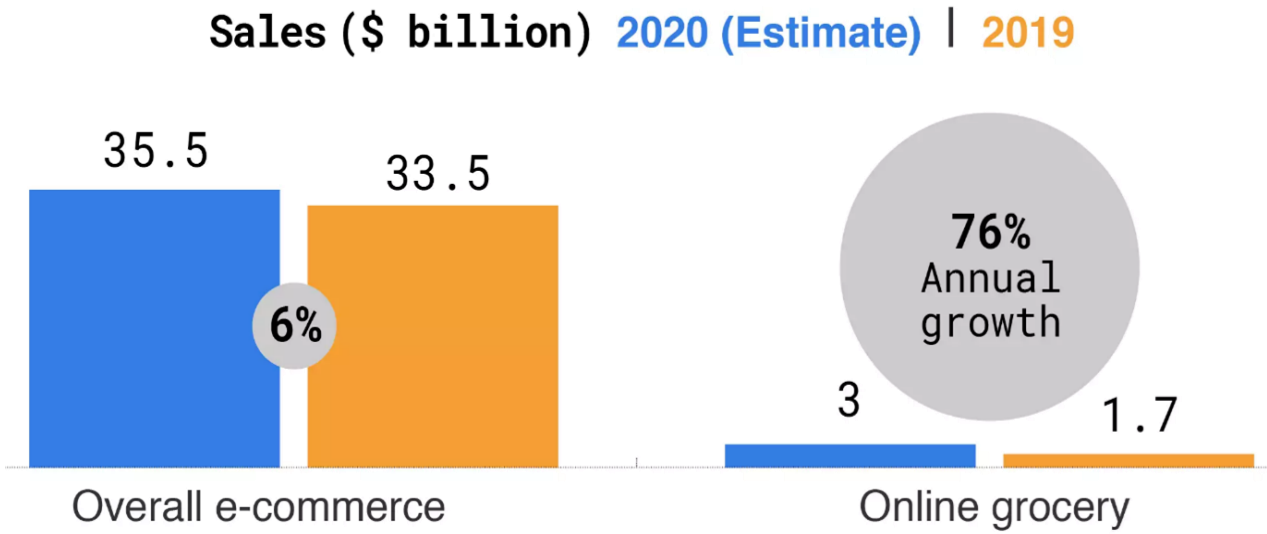
Preferred e-commerce methods



India's E-com market -2020



Source : ET Research, JPMorgan Insights

Contribution by Value in % - Sales via E-com portals

Source : https://timesofindia.indiatimes.com/business/india-business/men-buy-more-clothes-online-than-women/articleshow/72894773.cms

Consumption class will rise to 53% of total households in 2025

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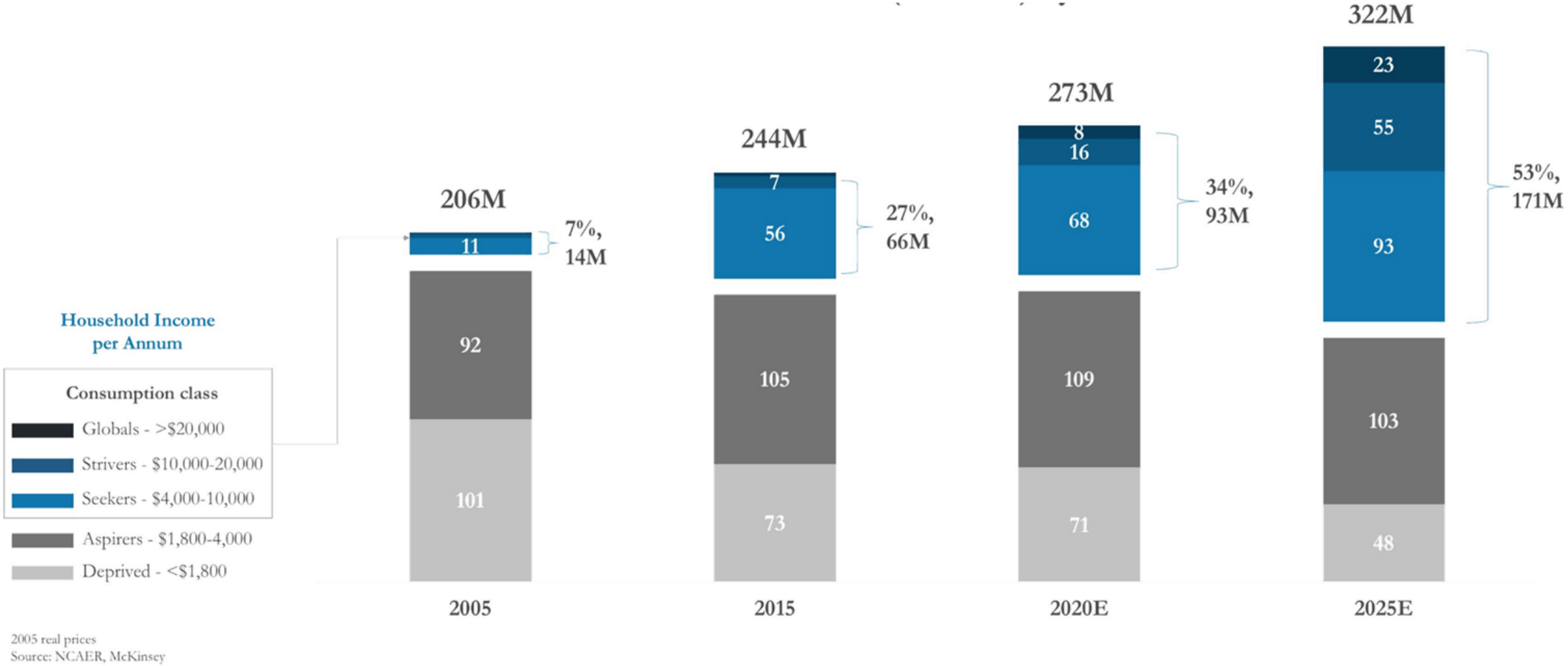
Nos. of Households(mn) by Income Class



Source : NCAER.Mckinsey

By 2030 45% of Urban cities with 20% developed rural can unlock consumption potential in India

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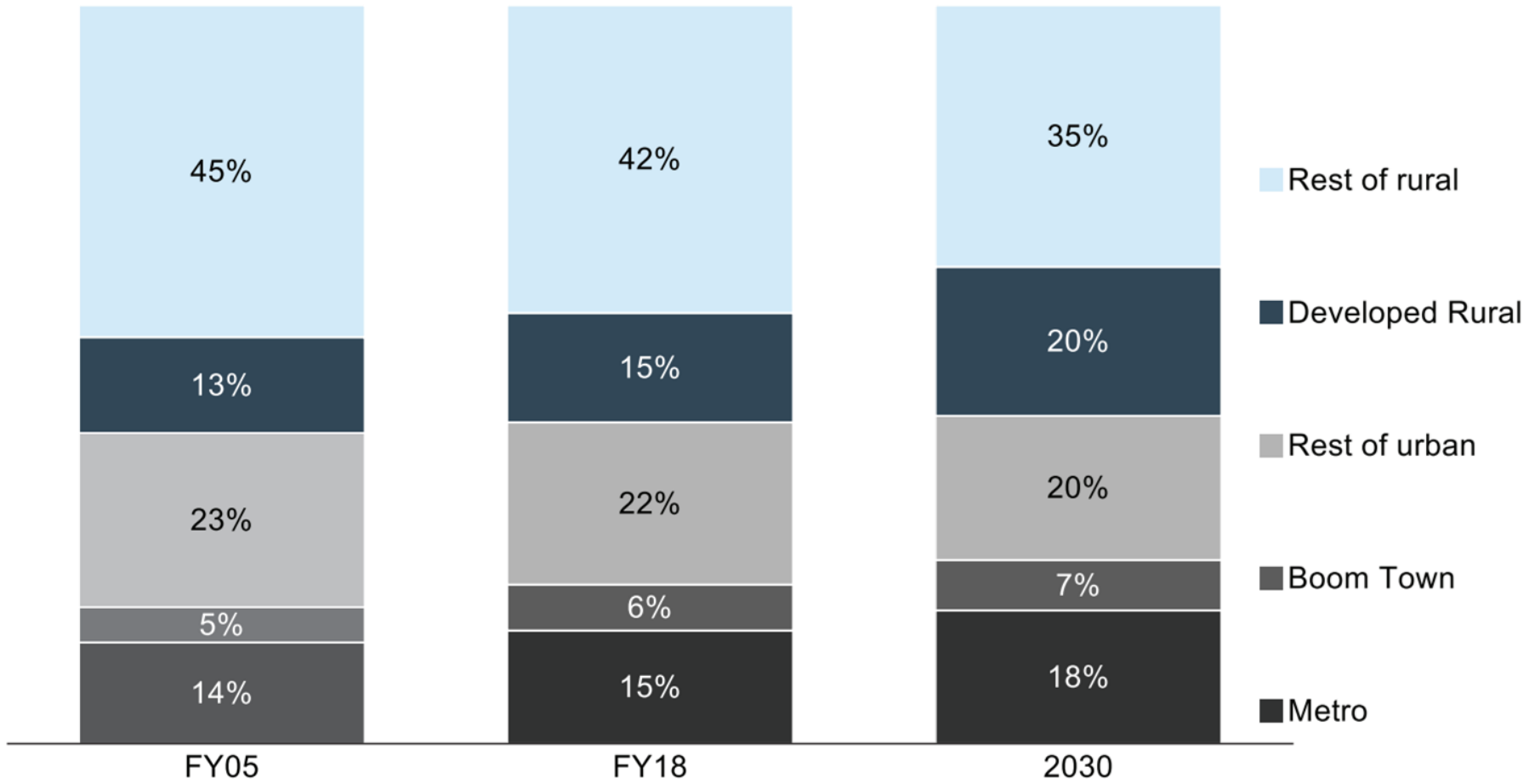
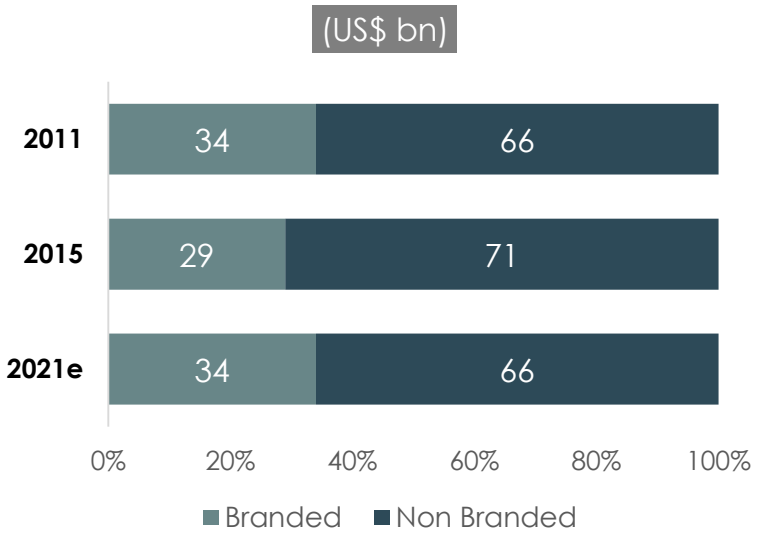
Consumer Expenditure in India across city types

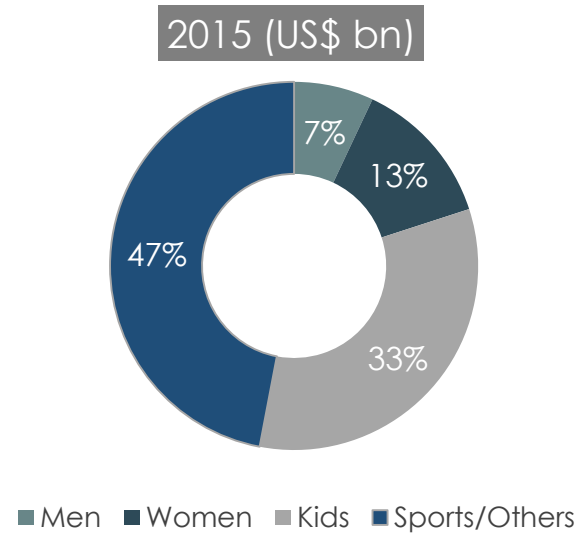


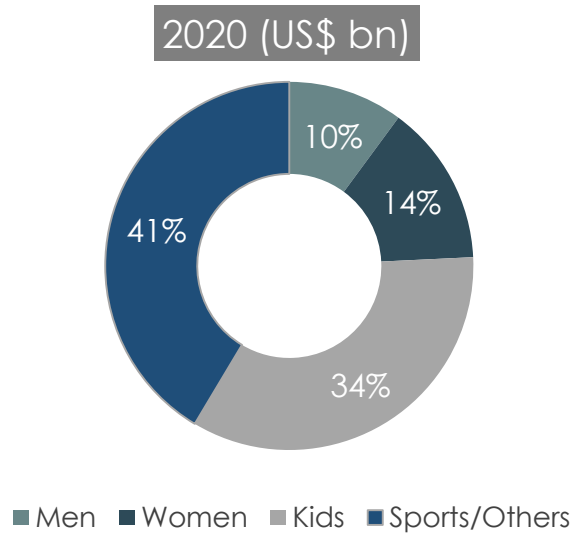
Note: Projections with GDP growth assumed to be 7.5%, at 2017-18 prices

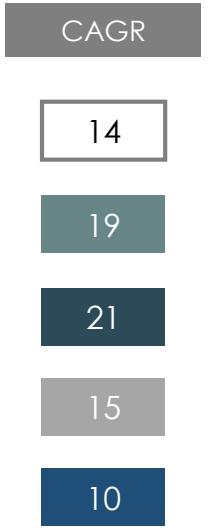
Source : PRICE Proj based on ICE 360 degrees survey (2014, 2016 .2018)

Branded apparel market growing faster than overall market









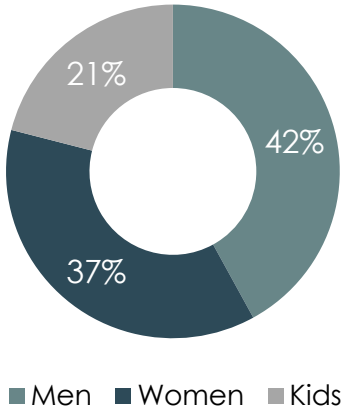
Source : UNESCO, CLSA Report

Forecast Indicate Growth In Kids Apparels Market

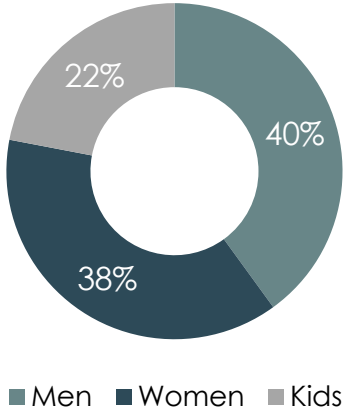
Segment-wise analysis
Breakup of Fashion market (current vs future)

Source : Technopak Analysis

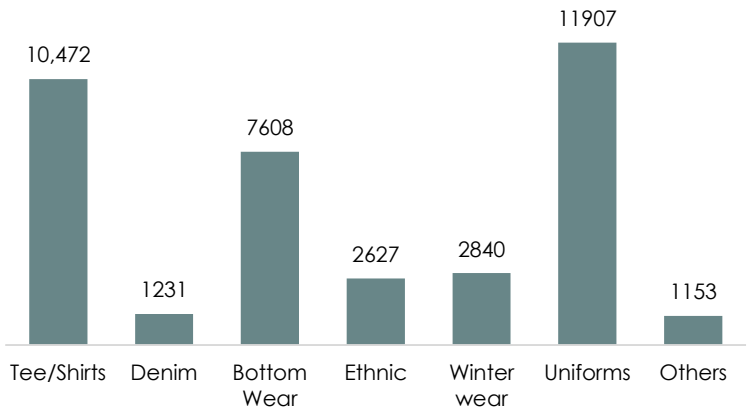
Current



Future



Category growth in Boyswear
(in ₹ crore)



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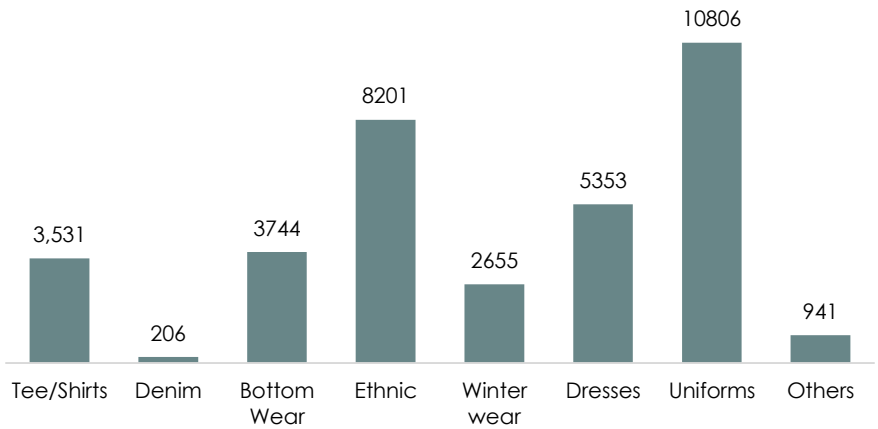

INDIAN TERRAIN

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OUTLOOK

FISCAL 2021 OUTLOOK

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OVERALL –

- Q1 bearing the full Brunt of the Lockdown (likely 80-85% below LY)
- Most Malls, Stores, LFO's and Distribution only saw about 20 -25 days of Trading and that too with lots of restrictions and regulations of timings.
- Consumer sentiment is deeply hit for non essentials.
- Buying which is sporadic is centered around WFH Casuals, Boyswear, Loungewear.
- MALLS in particular are worst Hit and especially in the Large Metros.
- SS20 Inventory which has seen almost no trading is being carried forward to AW20.
- Overall for the full year we see a big impact on revenue and profitability as a result.
- We are bracing for a 30-35% reduction in Revenue for the full year

Even in this Scenario we are changing the focus of the business model to drive the following areas –

- **PRODUCT -**
  - Introduce a Sharper Value Line for Smaller Towns from AW20
  - Hasten the Specific Channel – Product Strategy for Customer acquisition
  - Increased push on Boyswear

- **RETAIL -**
  - Continued focus on retail expansion in Small Town India (Bharat) with Franchisee driven stores {25 in the year and 75 target for next 3-4 years}
  - Variablisation of all commercials for EBO's stores as much as possible
  - Limited Physical Retail Focus in top 12 Cities.

- **DIGITALISATION -**
  - Move to a Digital way of working in all areas
  - Increased push on E-Commerce, Omni Channel Commerce and Own Digital Platform (IT.Com)
  - Use Technology in all other areas as well – Looking at Virtual Tradeshows, Selling Kits, Sampling, Design etc.
  - Marketing to be essentially digital led and supported by CRM, Data Insights and Social Media.

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ANNEXURE

WIDE RANGE OF COLLECTION

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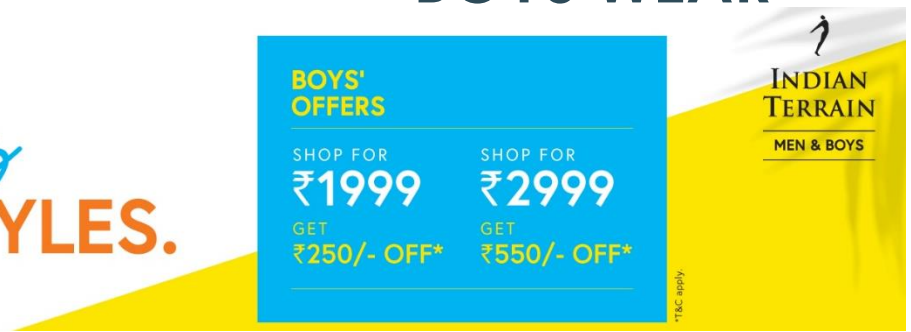
MENS WEAR

BOYS WEAR



STAR WARS COLLECTION

ITFL'S APPAREL KALEIDOSCOPE

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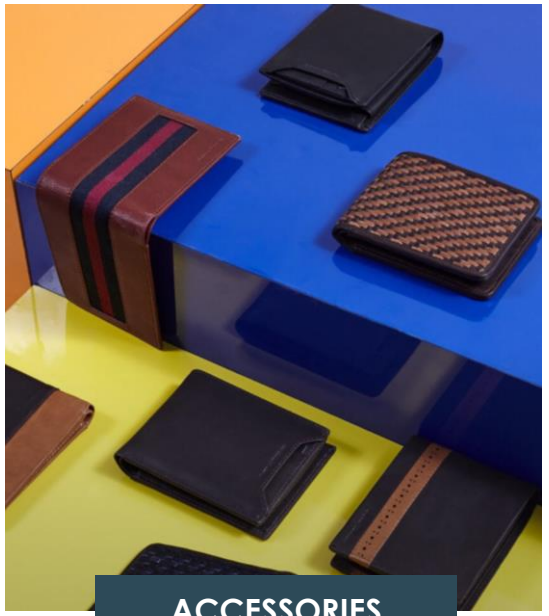
MENS COLLECTION

BOYS COLLECTION

KHAKI COLLECTION



ACCESSORIES

INDIAN TERRAIN "makes you feel good"

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.

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

Let's Connect

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Thank You