



ITFL/SEC/2017-18/DEC/03

14th December, 2017

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001.

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai- 400051.

Scrip Code - 533329

NSE Symbol: INTERRAIN

Dear Sir/Madam,

Sub: Investor Presentation for quarter ended 30th Sep, 2017

Ref.: INDIAN TERRAIN FASHIONS LIMITED

We hereby enclose the Investor Presentation on financial results of the Company for the quarter ended 30th September, 2017.

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

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

Email ID : response.itfl@indianterrain.com

Website : www.indianterrain.com

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INDIAN TERRAIN

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 and Half-Year ending 30th September 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 and Half-Year Ending 30th September 2017 is not strictly comparable with the financial statements for the corresponding period previous year

Q2 Financial Highlights

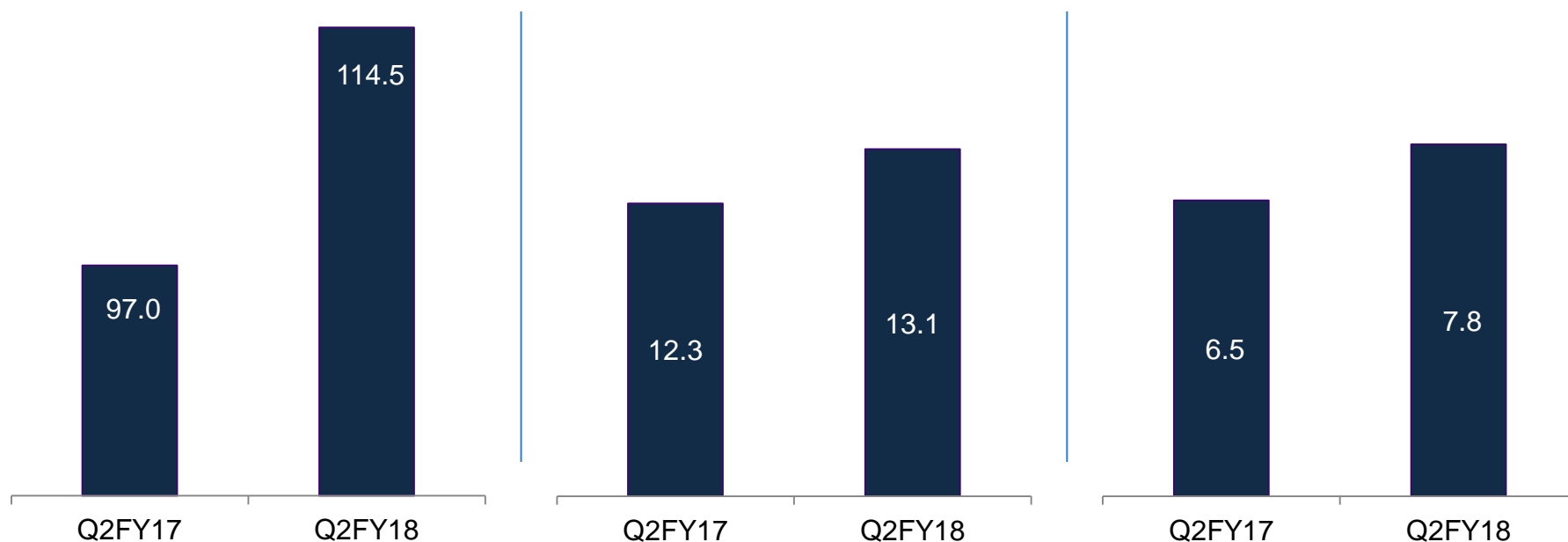


114.50 crs of Revenues; Operating EBITDA of 13.11 crs; Profits of Rs.7.77 crs

Revenues (Rs. Cr)

Operational EBITDA (Rs. Cr)

Profits (Rs. Cr)



Financial Snapshot



Rs. In Crs	Q2 FY18	Q2 FY17		H1 FY18	H1 FY17
Revenue	114.50	96.98		198.98	154.68
Operating EBITDA	14.82	12.31		22.82	18.69
EBITDA %	12.94%	12.69%		11.47%	12.08%
GST Impact	(1.71)			(1.71)	
Other Income	0.30	1.42		1.36	2.86
Reported EBITDA	13.41	13.73		22.47	21.55
Reported EBITDA %	11.72%	14.16%		11.29%	13.94%



Revenues - Operations

- Q2 amidst challenges on GST roll-out posted healthy topline growth of 18% compared to Quarter ending Sep 2016
- The advancement of EOSS in June and drop in consumer sentiments heavily impacted July; GST transitional issues also added its share with delayed market services to retailers resulting in 10% de-growth in retail sales* for July and August
- Recovery of market sentiments helped September to post a strong growth of over 50%* with LTL growth at 25%*
- The GST panic and lack of clarity continued to hit wholesale trade in Q2 and the channel witnessed a moderate growth with dispatches commencing from last week of August
- Market expansions and increase in counters helped grow Boyswear by over 20%; the segment continue to receive overwhelming response resulting in steady increase in market share

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 Sep 2017 and 30th Sep 2016 are not comparable



Operating Margins

EBITDA margins for Q2FY2018 was at 11.45% compared to 12.70% of Q2FY2017

- One time provisioning for additional margins to compensate increased taxes impacted margins by ~1.5%
- Incremental discounts of 70bps with continuation of EOSS until mid-August / Promos to recuperate sentiments
- Strategic increase in Marketing Spends for improved Brand Visibility and Salience – adspends increased 20% y-o-y
- Increase in Personnel Costs with expansion of retail footprint coupled with strengthening of team across critical areas

- Reduction in finance costs and Other Income - reduced utilisation of working capital / treasury management – net reduction in costs ~60 lakhs
- PBT at 11.88 crs against 10.01 crs of previous year
- Net Profits at 7.77 crs against 6.53 crs of previous year

Q2 FY2017 - Reconciliation - IGAAP and INDAS



	Rs. In Crs		
	Revenue	EBITDA	PAT
As per IGAAP	125.83	16.66	8.44
As per INDAS	96.98	13.74	6.53
Difference	(28.85)	(2.92)	(1.91)
Reclassification			
Discount Sharing, Cash Discounts, Sales Incentive earlier reported as selling expenses now reduced from revenue	(23.06)	-	-
Total Reclassification	(23.06)	-	-
Remeasurement			
Revenue reassessment based on risk and reward transfer net off additional provision for returns	(5.79)	(2.89)	(2.89)
Term loan interest provided on EIR basis			(0.01)
Security Deposits to Landlord - Fair Valuation		0.07	0.07
Rent accounted on Straight Line Method		(0.08)	(0.08)
Gratuity Actuarial Valuation		(0.02)	(0.02)
Tax impact on the above			1.02
Total Remeasurement	(5.79)	(2.92)	(1.91)
Total Reclassification and Remeasurement	(28.85)	(2.92)	(1.91)

Financials – Q2 and H1

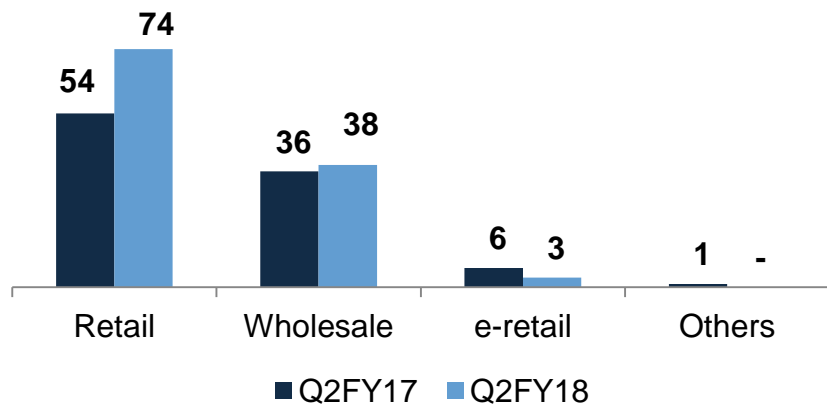


Rs. In Cr	Q2 FY18	Q2 FY17	Change		H1 FY18	H1 FY17	Change
Revenues	114.50	96.98	18.1%		198.98	154.68	28.6%
Cost of Materials	20.58	21.44			29.68	33.61	
Purchase of Finished Goods	54.40	41.80			66.42	59.92	
Change in Inventories	-14.85	-15.34			13.00	-14.10	
Garment Processing Costs	13.28	11.74			15.18	13.07	
Employee Benefit Expenses	7.70	5.77			14.37	10.57	
Other Expenses	20.28	19.26			39.22	32.92	
Total Expenses	101.39	84.67	19.7%		177.87	135.99	30.8%
Operating EBITDA	13.11	12.31	6.5%		21.11	18.69	12.9%
Other Income	0.30	1.42			1.36	2.86	
Gross EBITDA	13.41	13.73	-2.3%		22.47	21.55	4.3%
Finance Costs	0.66	2.34			2.80	4.41	
Depreciation	0.87	1.38			1.75	1.84	
Profit Before Tax	11.88	10.01	18.7%		17.92	15.30	17.1%
Tax Expenses	4.11	3.48			6.20	5.32	
Profit After Tax (before other comprehensive income)	7.77	6.53	19.0%		11.72	9.98	17.4%
Other Comprehensive Income (net of tax)	-0.01	0.02			0.04	0.03	
Total Comprehensive Income	7.76	6.55	18.5%		11.76	10.01	17.5%

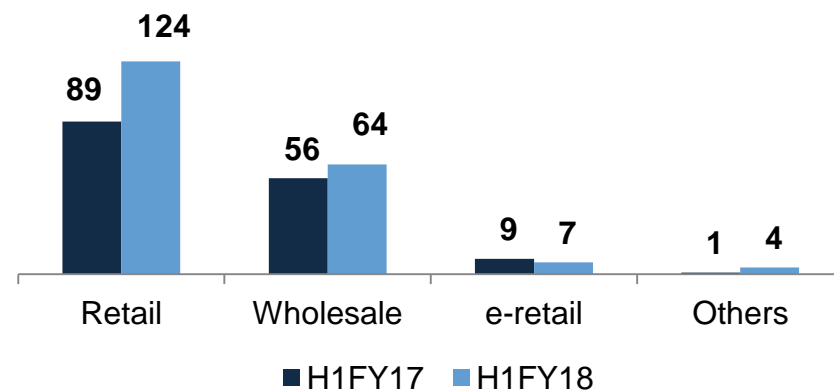
Revenue Contribution (Rs. Cr)



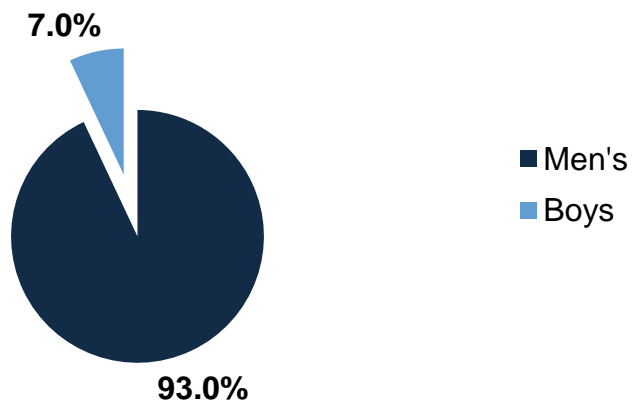
Channelmix-Q2



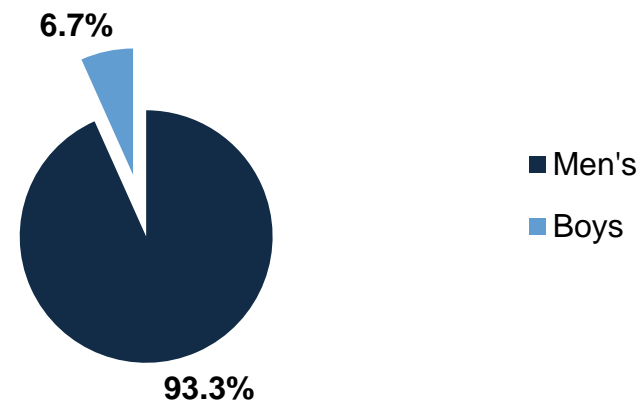
Channelmix-H1



Q2FY17



Q2FY18



Key Events



BENGALURU - GURGAON - DELHI - HYDERABAD - MUMBAI - PUNE - CHENNAI - CHANDIGARH



Key Events



Exclusive Stores



Region	Opening As on 1 st July	Additions	Closure	Closing As on 30 th Sep
South	57	5	0	62
West	32	0	0	32
North	32	0	0	32
East	11	2	0	13
Out of India	1	0	0	1
Total	133	7	0	140

Region		Closing As on 30 th Sep
COCO	Company Owned Company Operated	3
COFO	Company Owned Franchisee Operated	37
FOFO	Franchisee Owned Franchisee Operated	97
EFO	Exclusive Factory Outlet	3
Total		140

Store Launches



INDIAN
TERRAIN

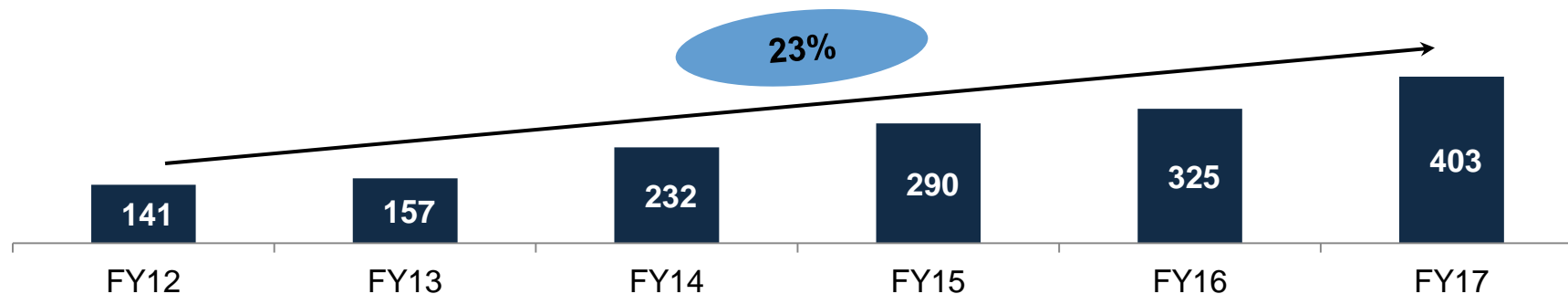
Store Launches



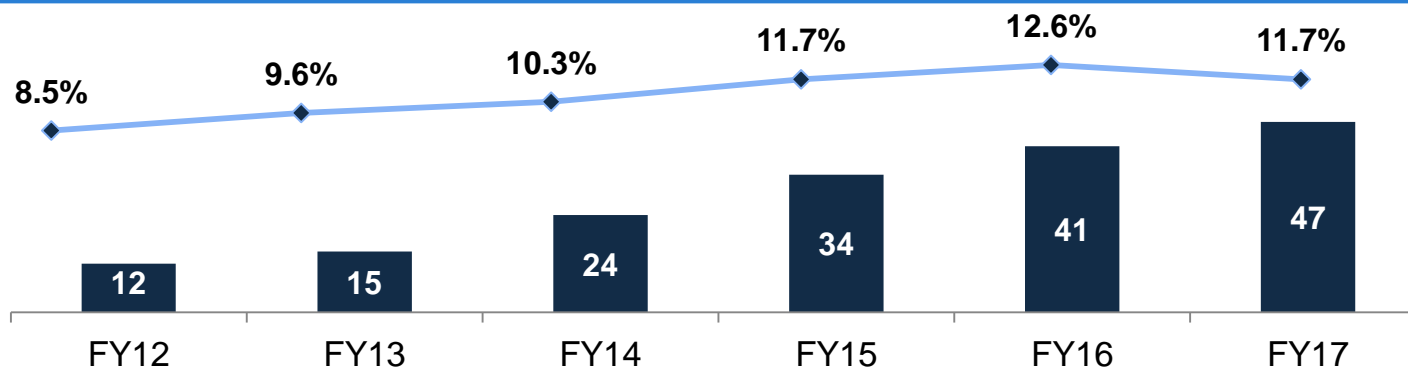
Performance Overview



Revenue growth of 23%



32% growth in Operating EBITDA



Distribution Network



PRESENT ACROSS 250+ CITIES THRU DIFFERENT FORMATS



148
Exclusive Outlets



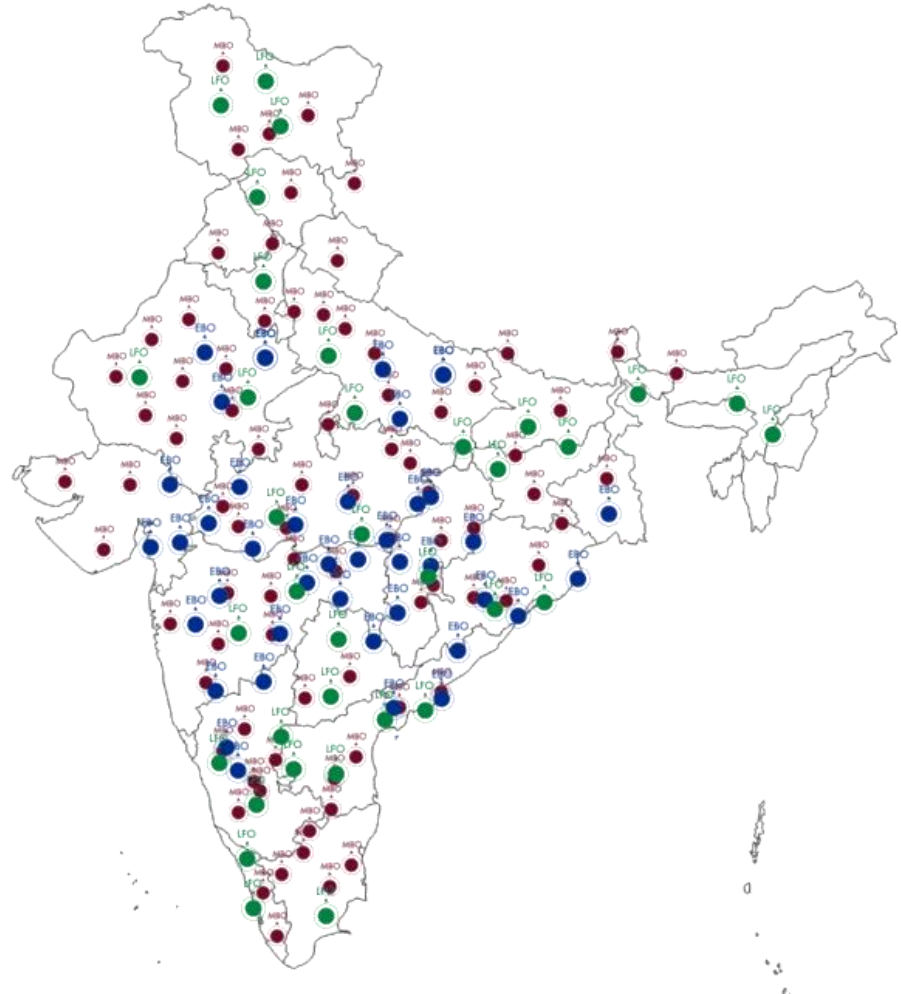
320
doors in Departmental
Stores



1200+
doors under Multi
Branded Outlets



7+
Ecommerce
Partners





- The festive season began on a stable note and markets have witnessed momentum from mid November onwards
- Calibrated approach towards Promos is expected to keep the discounting under control; however support may be extended to small businesses to improve their retail offtake
- 15 exclusive stores and 50 LFO doors are on the pipeline for FY2018. The expansion will include more doors in smaller towns where there is a large consumer base and hunger for organised retail
- Boyswear is expected to comfortably achieve its 2x goal with stronger customer traction
- Overall market sentiments is positive and is expected to sustain. Focus continue to be centered around Customer Connect and building momentum.
- Cascading impact of GST is expected to settle down by end December; Brand expects robust growth and margin improvements in Q4

Thank You



Disclaimer

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.

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