

Date: 10.11.2020

Corporate Relations Department  
**BSE Limited**  
1st Floor, New Trading Ring  
Rotunda Building, P J Tower  
Dalal Street, Fort, Mumbai 400 001

Corporate Listing Department  
**National Stock Exchange of India Ltd**  
Exchange Plaza, 5th Floor  
Plot No.C-1, G Block  
Bandra-Kurla Complex  
Bandra (East), Mumbai 400 051.

Dear Sir/s

**SUB: Investor Presentation for Q2 & FY 21.**

**Scrip Code:** BSE Code: 541700, NSE Code: TCNSBRANDS

**Ref: Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.**

Dear Sir/Madam,

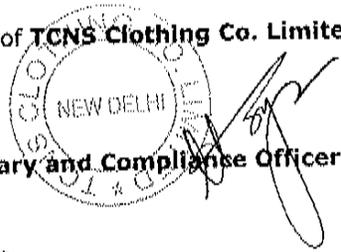
With reference to the above captioned subject, please find herewith, enclosed Investor Presentation for Q2 & FY 21. The aforesaid Investor Presentation is also being disseminated on Company's website at [www.wforwoman.com/](http://www.wforwoman.com/)

This is for your information and record.

Thanking you,

For and On behalf of **TCNS Clothing Co. Limited**

**Piyush Asija**  
Company Secretary and Compliance Officer  
M. No. A21328



Date: 10.11.2020

Place: New Delhi





# TCNS Clothing Co. Ltd.

Presentation – Q2 & H1 FY21 results  
Nov 10, 2020



# Safe Harbor

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# Agenda

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- 1** Current Snapshot
- 2** Key Focus Areas
- 3** Q2 & H1 FY21 Results Summary
- 4** Financials

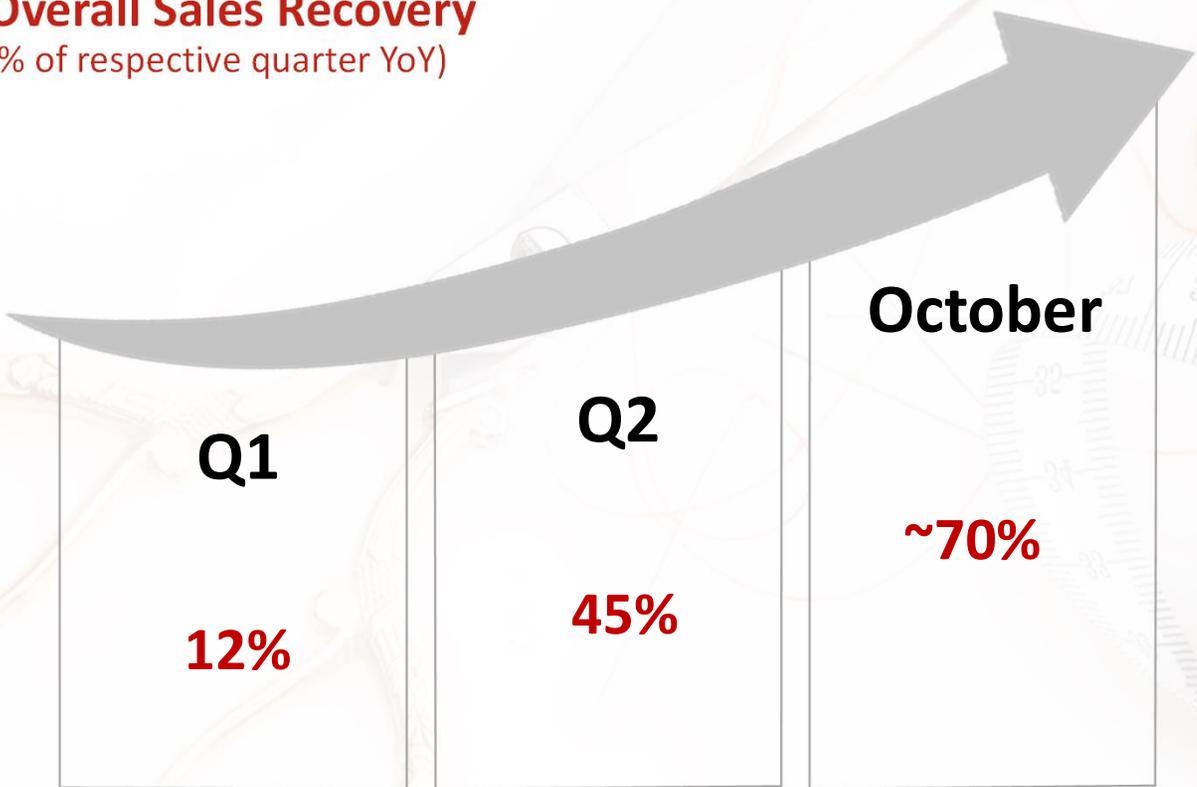
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# Business on an upward trajectory - continuous rebound in sales with a pronounced spike during the recent festive season

## Overall Sales Recovery (% of respective quarter YoY)



- Offline store network 95%+ operational as of end Q2
- EBO and LFS on similar recovery trajectory – witnessing strong festive run-up
- Online growing rapidly, tracking towards 2X against pre-covid levels in Q3, with brand.com at 3X. October registered highest ever sales
- MBO secondary sales gradually recovering, although primary billing yet to resume

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# Focus areas well on track and showcasing impact across key metrics

## Continue Consumer Engagement

Continue to be top-of-mind recall for consumers through digital engagement and Omni sales channels

## Strengthen Balance Sheet

Conserve cash and optimize inventory to preserve strength of balance sheet without losing ability to scale-up

## Build Organization Resilience

Leverage technology for enhancing organization capabilities and build a lean, responsive supply chain

## Optimize Cost Structure

Reset the fixed costs as per evolving situation by leveraging structural flexibilities

Adopt zero-based approach for all variable costs

## Seize Opportunities

Leverage market opportunities and incubate new avenues for creating long-term growth runways



# 1. Cost Controls: Locked-in planned cost savings across all key headers

## Rentals & CAM

- Secured full year savings of ~30% over last year (~35% against the contracted rentals including escalations), savings of 14 crores accounted for in Q2. Negotiations on for further reductions
- Initiated rationalization exercise for unsustainable stores. 21 stores closed in Q2, 15-20 stores under consideration for closure in H2

## Salary

- Q2 savings of 24% YoY; Potential annualized saving of ~15-20%
- Tiered salary reduction implemented across the organization, to be assessed as per evolving scenario
- Staff count rationalized by optimizing staff between brands at EBOs & LFS doors

## Marketing

- Complete stop on ATL / BTL; focused spending on efficient and measurable direct-to-consumer (DTC) initiatives
- Focus on driving online sales through performance marketing spends

## Overheads

- Zero based budgeting approach for cost optimization in all overheads; Minimize all discretionary spends.
- Renegotiated key costs such as warehouse rents and retainers contracts

## 2. Cash conservation: On track to reduce working capital and free-up cash in H2

 <b>Finished Goods Inventory</b>	 <b>Raw Materials Inventory</b>	 <b>Creditors / Payables</b>	 <b>CAPEX</b>
<ul style="list-style-type: none"><li>➤ Redeployed SS20 stock for SS21; reducing fresh buys going forward</li><li>➤ Responsive supply chain in place to nimbly manage demand shifts</li></ul>	<ul style="list-style-type: none"><li>➤ Significant portion of Spring-Summer 21 fabrics already in warehouse</li><li>➤ Limited cash outflow for additional fabric purchases for capsule ranges</li></ul>	<ul style="list-style-type: none"><li>➤ Reverting to utilizing full credit period; paused early payments</li><li>➤ Introduced third-party vendor financing partnership to handhold and support our vendors</li></ul>	<ul style="list-style-type: none"><li>➤ Selective new stores opening</li><li>➤ Continue investment in Warehousing &amp; IT infrastructure</li><li>➤ Minimal discretionary capex</li></ul>

Business on track to become cash accretive Q3 onwards; expect to add to existing cash reserves of 110 crores as on date (and additional unutilized bank limits) despite 8 months of disruptions



- Expecting positive operational cash flows in Q3 on back of progressive sales recovery on a lower cost base
- Additionally, reduction in inventory will release significant cash in H2

### 3. Consumer behavior is changing towards shop-from-home; Direct-to-Consumer (D2C) initiatives demonstrating sharp traction

#### Offline D2C Initiatives

- Launched virtual shopping through video chat and whatsapp based sales
- Apartment sales: Taking stores to the consumers' home
- ~500 residential complexes already served
- Save Now Shop Later: Targeted campaigns for high-value eVouchers
- Personalized promo offers for high value consumers to drive retention



#### Online D2C Initiatives

- Own website reached 2X+ of pre-covid sales in Q2; continuing to accelerate in Q3
- Built D2C marketplace channel with best-in-class certifications: Amazon EDI and Flipkart Gold
- Launched true single-inventory view with store stock live on endless aisle and marketplaces

Over the last year, we have invested in setting up online channels and best-in-class capabilities to be the category leader

**Additional channels**



AJIO

TATA CLiQ

NYKAA FASHION



**New age models**



MYNTRA PPMP

amazon Direct Fulfillment

Flipkart Smart WH

aurelia Omni

MYNTRA Omni



**Best-in-class operations**



D2C warehouse certified by multiple marketplaces for meeting exacting service levels

- Amazon EDI
- Flipkart Gold

Online channels growing sharply; Brand.com has already grown to double digit share of online business

# 4. We continue to invest in enhancing capabilities to build a nimble, responsive supply chain

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## 1 Quick Fulfillment Model

- Building a shorter lead time



## 2 Shorter Thought-to-Shelf cycle

- Moving away from a strict two-season calendar

## 3 Data Science based stock decisions

- Setting up a upgraded machine-learning based inventory optimization tool

# 5. We are incubating new categories to create long-term runways for growth

## Footwear



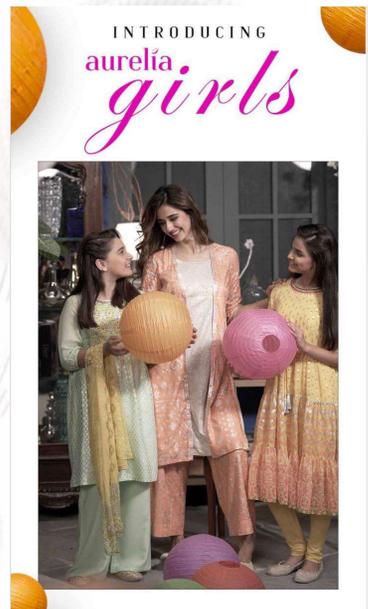
- Contributing mid-single digits in pilot stores despite no advertising so far

## Elleven



- Opened 4 EBO stores and launching with select LFS and online partners

## Aurelia Girls



- Range launched in MF20 with encouraging response

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## Q2 FY21 & H1 FY21: Reported Ind AS 116

Amount Crores	Q2 FY21	Q2 FY20	YoY %
Revenue	144	321	-55%
EBITDA	-7	68	-110%
PAT	-28	18	-256%

% to Revenue	Q2 FY21	Q2 FY20
EBITDA	-5%	21%
PAT	-19%	6%

Amount Crores	H1 FY21	H1 FY20	YoY %
Revenue	177	600	-71%
EBITDA	-33	128	-126%
PAT	-73	38	-291%

% to Revenue	H1 FY21	H1 FY20
EBITDA	-19%	21%
PAT	-41%	6%

# Q2 Brand wise performance



**PREMIUM FUSION WEAR**

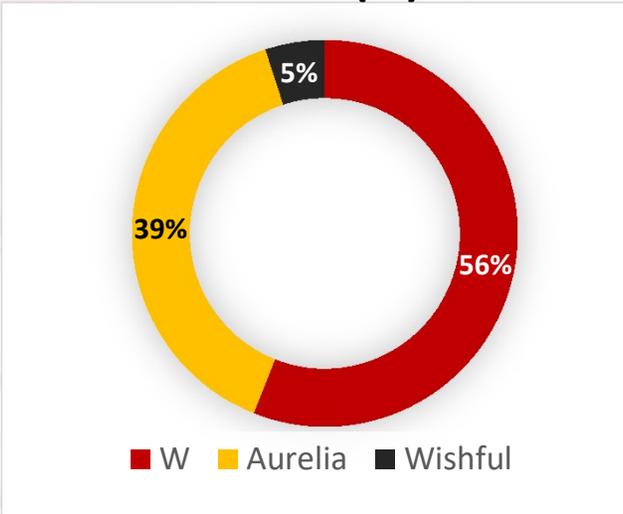


**CONTEMPORARY ETHNIC WEAR**



**PREMIUM OCCASION WEAR**

## Share of Brands (%) Q2 FY21

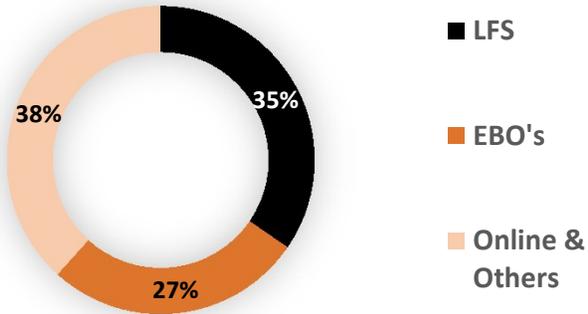


## Brand Wise Growth

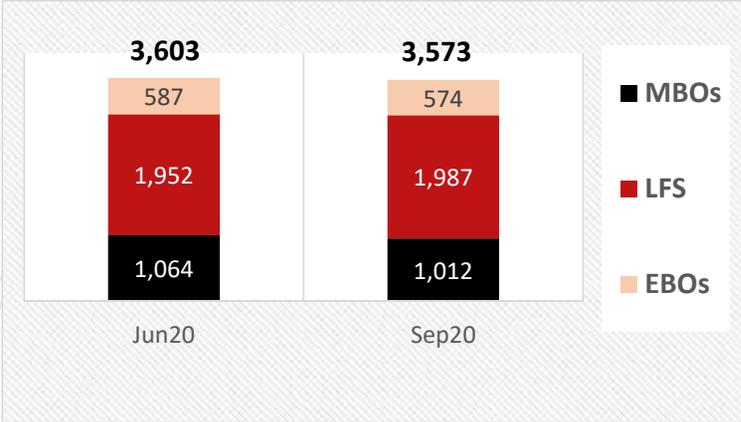
Brands	Q2 FY21
W	-57%
Aurelia	-51%
Wishful	-65%

# Q2 Channel wise performance

Channel Wise Revenue Split – Q2 FY21



Pan India Multichannel Presence



# of EBOs	As of Sep 20	Q2 openings
W	335	-8
Aurelia	230	-6
Wishful	5	0
Elleven	4	1
<b>Total</b>	<b>574</b>	<b>-13</b>

Note: No primary billing for MBO in the Quarter

# Working Capital

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INR Million

Particulars	Sep 20	Mar 20
Debtors	1,637	1,756
Inventory	3,335	3,302
Payables	(969)	(1,223)
<b>Total Working Capital</b>	<b>4,003</b>	<b>3,835</b>

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# Profit & Loss Statement – Q2 FY21 Reported Numbers

(All amounts in Rs. million except otherwise specified)

Particulars	Quarter Ended			Half Year Ended		Year Ended
	September 30, 2020 (Unaudited)	June 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)	March 31, 2020 (Audited)
<b>1. Income</b>						
(a) Revenue from operations	1,441.37	324.20	3,208.45	1,765.57	6,004.74	11,486.67
(b) Other income (See note 7)	93.66	165.87	26.48	259.53	48.73	211.39
<b>2. Total income</b>	<b>1,535.03</b>	<b>490.07</b>	<b>3,234.93</b>	<b>2,025.10</b>	<b>6,053.47</b>	<b>11,698.06</b>
<b>3. Expenses</b>						
(a) Cost of materials consumed	646.94	247.00	1,137.87	893.94	2,335.56	4,506.82
(b) Purchases of stock-in-trade	4.56	8.85	-	13.41	-	93.15
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	45.87	(96.15)	(13.23)	(50.28)	(295.20)	(576.68)
(d) Employee benefits expense	309.90	327.55	406.75	637.45	777.08	1,575.90
(e) Finance costs	88.59	91.37	95.56	179.96	187.88	381.89
(f) Depreciation and amortisation expense	223.62	251.94	238.16	475.56	470.33	1,031.51
(g) Rent expense (See note 7)	-	-	59.49	-	106.87	225.85
(h) Selling and distribution expenses	394.03	119.72	699.76	513.75	1,347.57	2,690.63
(i) Other expenses	202.64	144.13	267.13	346.77	500.80	1,108.36
<b>4. Total expenses</b>	<b>1,916.15</b>	<b>1,094.41</b>	<b>2,891.49</b>	<b>3,010.56</b>	<b>5,430.89</b>	<b>11,037.43</b>
<b>5. Profit/(loss) before tax (2 - 4)</b>	<b>(381.12)</b>	<b>(604.34)</b>	<b>343.44</b>	<b>(985.46)</b>	<b>622.58</b>	<b>660.63</b>
<b>6. Tax expense (See note 9)</b>						
(a) Current tax (net)	-	-	69.22	-	162.84	(62.87)
(b) Deferred tax (Credit)/expense	(105.26)	(151.05)	97.35	(256.31)	78.14	29.38
<b>7. Total tax expense</b>	<b>(105.26)</b>	<b>(151.05)</b>	<b>166.57</b>	<b>(256.31)</b>	<b>240.98</b>	<b>(33.49)</b>
<b>8. Net profit/(loss) after tax for the period / year (5 - 7)</b>	<b>(275.86)</b>	<b>(453.29)</b>	<b>176.87</b>	<b>(729.15)</b>	<b>381.60</b>	<b>694.12</b>
<b>9. Other comprehensive income /(loss)</b>						
Items that will not be classified to profit or loss:						
- Remeasurements of defined benefit plans	12.93	(3.00)	(10.79)	9.93	(9.08)	(13.33)
- Tax relating to above item	(3.25)	0.75	3.77	(2.50)	3.17	3.35
<b>10. Total other comprehensive income/(expense), net of tax</b>	<b>9.68</b>	<b>(2.25)</b>	<b>(7.02)</b>	<b>7.43</b>	<b>(5.91)</b>	<b>(9.98)</b>
<b>11. Total comprehensive income/(loss) for the period/ year (8 + 10)</b>	<b>(266.18)</b>	<b>(455.54)</b>	<b>169.85</b>	<b>(721.72)</b>	<b>375.69</b>	<b>684.14</b>

# Balance Sheet as at Sep 2020 – Assets

(All amounts in Rs. million)

Particulars	As at September 30, 2020 (Unaudited)	As at March 31, 2020 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, plant and equipment	322.97	397.29
(b) Capital work-in-progress	0.57	21.17
(c) Right of use assets	2,816.12	3,083.64
(d) Intangible assets	24.52	36.33
(e) Financial assets - Other financial assets	411.92	479.58
(f) Deferred tax assets (net)	603.51	349.70
(g) Non-current tax assets (net)	116.33	455.20
(h) Other non-current assets	17.39	28.93
<b>Total non-current assets</b>	<b>4,313.33</b>	<b>4,851.84</b>
<b>Current assets</b>		
(a) Inventories	3,335.19	3,301.90
(b) Financial assets		
(i) Investments	1,169.20	1,180.75
(ii) Trade receivables	1,636.98	1,756.20
(iii) Cash and cash equivalents	4.08	529.44
(iv) Bank balances other than (iii) above	284.34	2.80
(v) Other financial assets	1.72	37.12
(c) Other current assets	306.32	315.76
<b>Total current assets</b>	<b>6,737.83</b>	<b>7,123.98</b>
<b>Total assets</b>	<b>11,051.16</b>	<b>11,975.82</b>

# Balance Sheet as at Sep 2020 – Liabilities

(All amounts in Rs. million)

Particulars	As at September 30, 2020 (Unaudited)	As at March 31, 2020 (Audited)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity share capital	122.95	122.95
(b) Other equity	5,799.50	6,477.05
<b>Total equity</b>	<b>5,922.45</b>	<b>6,600.00</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Lease liabilities	2,716.26	2,994.52
(ii) Other financial liabilities	114.40	66.75
(b) Provisions	127.07	122.41
(d) Other non-current liabilities	3.85	4.62
<b>Total non-current liabilities</b>	<b>2,961.58</b>	<b>3,188.30</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	357.14	-
(ii) Lease liabilities	652.22	625.02
(iii) Trade payables		
(A) Total outstanding dues of micro enterprises and small enterprises	181.69	289.78
(B) Total outstanding dues of other than micro enterprises and small enterprises	787.06	933.16
(iv) Other financial liabilities	13.18	76.91
(b) Provisions	3.96	3.04
(c) Current tax liabilities (net)	57.47	57.47
(d) Other current liabilities	114.41	202.14
<b>Total current liabilities</b>	<b>2,167.13</b>	<b>2,187.52</b>
<b>Total liabilities</b>	<b>5,128.71</b>	<b>5,375.824</b>
<b>Total equity and liabilities</b>	<b>11,051.16</b>	<b>11,975.82</b>

# Cash Flow for H1 FY 21

Particulars	(All amounts in Rs. million)	
	For the half year ended	
	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) before tax</b>	<b>(985.47)</b>	<b>622.58</b>
<b>Adjustments for</b>		
Depreciation and amortisation expense	475.56	470.33
Re-measurement of defined benefit plan	9.93	(9.08)
Interest and dividend income	(11.08)	(37.42)
Finance cost on lease liabilities	179.97	187.88
Loss on sale of property, plant and equipment	8.36	5.75
Allowance for expected credit loss	57.93	(5.57)
Net gain on lease liabilities written back	(20.46)	(7.29)
Net gain on fair valuation of investments	(20.13)	(1.16)
Share based payments to employees	44.18	46.30
<b>Operating profit/(loss) before working capital changes</b>	<b>(261.21)</b>	<b>1,272.32</b>
<b>Changes in working capital:</b>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(33.29)	(310.67)
Trade receivables	61.30	(348.71)
Other financial assets	67.67	12.20
Other assets	21.18	(50.61)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Other financial liabilities	(2.33)	4.34
Other liabilities	(88.50)	25.15
Provisions	5.58	27.88
Trade payables	(254.20)	57.10
<b>Cash (used in) / generated from operations</b>	<b>(483.80)</b>	<b>689.00</b>
Less: Income tax refund / (paid) (including tax deducted at source)	338.87	(194.98)
<b>NET CASH (USED IN)/ GENERATED FROM OPERATING ACTIVITIES (A)</b>	<b>(144.93)</b>	<b>494.02</b>

# Cash Flow for H1 FY 21

Particulars	(All amounts in Rs. million)	
	For the half year ended	
	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment (including capital work-in-progress and capital advances)	(20.44)	(69.87)
Capital expenditure on intangible assets (including capital advances)	-	(3.11)
Proceeds from sale of property, plant and equipment	1.75	4.77
Purchase of current investments	(450.00)	(191.70)
Sale of current investments	481.68	129.17
Net investment in bank deposits	(281.54)	12.45
Interest and dividend received	46.47	37.42
<b>NET CASH GENERATED/ (USED IN) INVESTING ACTIVITIES (B)</b>	<b>(222.08)</b>	<b>(80.87)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from current borrowings (net)	357.14	-
Shares issued on exercise of employee stock options	-	41.75
Repayment of lease Liabilities	(335.53)	(313.21)
Interest paid on lease liabilities	(179.96)	(187.88)
<b>NET CASH (USED IN) FINANCING ACTIVITIES (C)</b>	<b>(158.35)</b>	<b>(459.34)</b>
Net (decrease) in cash and cash equivalents (A+B+C)	(525.36)	(46.19)
Cash and cash equivalents at the beginning of the year	529.44	215.63
<b>Cash and cash equivalents at the year-end</b>	<b>4.08</b>	<b>169.44</b>
<b>Cash and cash equivalents at the end of the year comprises</b>		
- Cash on hand	2.97	4.12
- Balances with banks	1.11	165.32
<b>Cash and cash equivalents at the end of the year</b>	<b>4.08</b>	<b>169.44</b>



THANKYOU

