

TCNS CLOTHING Co. Limited

Transcript of 24th Annual General Meeting

Date and Time of AGM: 17/09/2021 at 2.30 P.M.
Deemed Venue: Registered Office of the Company

Company Secretary: Good afternoon everybody.

Dear shareholders on behalf of TCNS Clothing Co. Limited I Piyush Asija, Company Secretary and Compliance Officer, welcome you all to the 24th Annual General Meeting of the Company. This is the 3rd AGM post listing of shares of the Company on BSE and NSE.

This AGM is being held through video conferencing facility in accordance with the circulars issued by the Ministry of Corporate affairs and the Securities Exchange Board of India. The deemed venue for the AGM shall be the Registered Office of the company. As per the applicable MCA and SEBI circulars and guidelines, physical attendance at meetings has been dispensed with. Hence, there is no requirement of appointment of proxies and accordingly the facility for appointment of proxy has not been made available for this meeting. In terms of applicable circulars, the Company had provided the facility to members to register themselves as speakers and to share their views at this 24th AGM of the Company. Pursuant to applicable circulars and rules and to support the green initiative announced by the Government of India, the Annual Report along with the Notice and instructions for e-voting were sent to the shareholders through email to the registered email address of the shareholders, and is also made available on the website of the Company and the exchanges. We request you to please take note of the following in order to ensure smooth proceedings of this meeting. The facility for attending this AGM through video conference facility is being made available on first come and first serve basis. Members may note that VC facility allows participation of up to 2000 members on a first come first serve basis. Members holding 2% or more of the shareholding, promoters, Institutional Investors, Directors, KMPs, Chairpersons of Audit Committee, Nomination and Remuneration Committee and Stakeholder Relationship Committee, Auditors, Scrutinizers etc. can attend the AGM without any restriction on account of first come serve basis principal. All the members who have joined the meeting have been placed on mute by default. Once the question-and-answer session starts, the moderator shall announce the name of the speaker shareholders who have registered themselves to speak at the meeting. Speakers are requested to limit their respective conversation to two minutes. Further, the facility to raise a query during this 24th AGM is made available throughout the meeting. Members may submit their views to the post your queries tab available at this screen. Now, I request the chairperson sir, Mr. Onkar Singh Pasricha to take up the proceedings of the meeting.

Mr. Onkar Singh Pasricha: Good afternoon, and Namaste

Dear shareholders, I, Onkar Singh Pasricha, Chairman and Executive director, on behalf of my fellow board members, Welcome and thank you for all joining this 24th Annual General Meeting of your Company. I sincerely hope that all of you and your near and dear ones are safe and keeping good health. The Requisite quorum being present, I declare the meeting in order. We have taken reasonable precautions to ensure continued internet connectivity in order to maintain the continuity of this meeting. Allow me to introduce my fellow directors who are present in this meeting.

Mr. Anant Kumar Daga is the Managing Director of the Company and a member of the Stakeholder relations Committee and the Risk Management Committee.

Mr. Anant Kumar Daga: Namaste

Mr. Onkar Singh Pasricha: Ms. Neeru Abrol is the Non-Executive Independent Director, Chairperson of the Audit Committee of the Company and a member of the NRC committee, Stakeholder's Relationship Committee, Corporate Social Responsibility Committee, and Risk Management Committee.

Mrs. Neeru Abrol: Namaskar

Mr. Onkar Singh Pasricha: Ms. Sangeeta Talwar is a Non-Executive Independent Director, Chairperson of the Stakeholder Relations Committee and member of the Audit Committee, Corporate Social Responsibility Committee and the Risk Management Committee.

Mrs. Sangeeta Talwar: Namaste

Mr. Onkar Singh Pasricha: Mr. Naresh Patwari is a Non-Executive Director of the Company and a member of the Audit Committee and Nomination Remuneration Committee and is a nominee Director present on behalf of Wagner Limited.

Mr. Onkar Singh Pasricha: We have our CFO, Mr. Amit Chand, the representatives of the Deloitte LLP Statutory Auditors and Sanjay Grover and associates the Secretarial Auditors are also present. We also have Mr. Devesh Vasisht, practicing Company Secretary acting as a Scrutinizer of the e-voting process of this AGM.

The Company has made all efforts and take taking necessary steps to the extent possible in the circumstances to intimate members of the convening of the meeting and encourage individual members, as well as institutional members to participate and vote on matters being considered in the AGM. Members who have not voted earlier by remote e-voting can cast their vote. With the permission of the members, I take notice of the AGM as read.

Chairman's Speech

It has been over a year now that India and the world are battling with the COVID19 outbreak. Although India contained the first wave, the second wave of the pandemic has been far more debilitating for our country. I would therefore like to wish you all and everyone associated with us and beyond, good health and safe passage through these difficult times.

As I salute each and every individual amongst us who has risen up to the occasion and has contributed to the best of understanding, knowledge and expertise, I want to express that the TCNS family is continuously striving to go beyond our regular calling in giving back to society. Your Company through multiple initiatives has contributed to various health agencies, NGOs and other administrative bodies to support people in these tough times.

To address the employee health and safety challenges, our in-house COVID-19 Relief Team, led by the HR Department, has introduced several measures for the benefit of employees. Under our “Let's Fight Corona” initiative, we are actively engaging employees to address their urgent needs for healthcare support while monitoring the health of employees who are recovering from COVID-19. Employee health and well-being remain amongst our topmost priorities and we are committed to extend every possible support to them and their families.

Last year, I had mentioned that difficult times like these drive us to reimagine, recreate and rebuild strategies. We are committed to a long-term strategy and we continue to invest in multiple areas while building shareholder value. Despite the challenges, we have been able to address the needs and expectations of the consumer in the new normal while ensuring multiple initiatives across the organization are on track. We have scaled up our omni-channel initiatives along with a robust replenishment system to provide a superior customer experience across channels. The brands-W, Wishful, Aurelia and Elleven continue to deliver on the brand promise.

Your Company will continue to be agile and resilient and our efforts will be directed to build all aspects of the business. We are geared up to work through these challenging times and continue to focus on value enhancement for the consumer while ensuring network expansion. In the current context, organizations need to stay focused on the future while positively contributing to society and I am happy to say that our Company is on the right path. While the situation evolves in the upcoming weeks, let us commit ourselves to be disciplined in following the COVID-19 appropriate measures. Together, we can come out of this and help our nation chart its way towards recovery.

I want to thank our employees, partners and associates for their commitment and service to TCNS in these challenging times. Most importantly, I thank you, our shareholders, for your continuous trust, support and confidence in the Company.

Mr. Anant Kumar Daga: Thank you, Sir.

Dear shareholders, good afternoon.

First of all, we hope and pray for the safety and well-being of you and your loved ones. Last few months have been tough for everyone, both at work and in personal lives, and we hope things get back to normalcy soon.

Talking of business, 2020 was the year of rediscovering ourselves. Yes, it was arguably the toughest time that we have seen in our lives but it also gave us an opportunity to take a pause, introspect and take fresh guard.

Disproportionate mindshare has gone into building a more responsive, flexible and consumer centric business. The pandemic has clearly emphasized the importance of having the ability to quickly adapt to ever changing external environment. It has forced us to think beyond conventional wisdom of running a

business. Customer connect, supply chain, thought to shelve cycles – all the set processes have been challenged. The year was indeed one of reinventing the business model and accelerating change.

On the front end, one major area has been the journey from a brick and mortar business to that of an omni-channel business. We have been on this path for couple of years now and have been able to demonstrate strong leadership both in offline and online space. Year 2020 marks the integration of these two channels as we now have a single view of customer and inventory across our Brand.com platform and Exclusive Brand Outlets. The pandemic has made the customers look at online channel as not just a deal seeking platform but also a go to option for exploring in season fashion. On back of 551 Exclusive Brand Outlets and strong own ecommerce capabilities, your company is now ready to provide unparalleled omni experience to our customers. We have also extended the omni capability to our partner online platforms further enhancing customer outreach strength.

Accelerated online scale up will be complimented with aggressive offline expansion. We have launched two key initiatives – Project RISE aimed at upgrading store presence across key high streets and malls; and Project BHARAT pursuing Tier 3 & 4 footprint expansion through franchising route.

On the backend, a key focus area has been inventory management and enabling supply chain platform. Inventory is the growth capital in our business and optimization of the same is absolutely essential for scaling up. While scale of business was significantly impacted last year, we took this opportunity to automate entire inventory management process and upgrade our warehousing infrastructure. We are in process of implementing the best in class machine learning powered inventory management solution. This will completely change the way we buy, allocate and replenish inventory and will bring in significant efficiencies in the process. We are also in process of consolidating our warehouse infrastructure and are moving to a new location with capabilities to handle new age delivery modules and manage new categories that we are getting into. These initiatives will significantly strengthen the responsiveness of the supply chain and thought to shelves cycles.

We have always taken pride in our understanding of balancing creativity and commerce, which is a key differentiator for us. While we continue to invest in data sciences and automation systems that will tell us what works and what not, in a fashion business, it is imperative to not just look at the rear view mirror but to also push creative boundaries. To bolster the existing creative capabilities, we have set up a Design Incubation Cell with the sole purpose being bringing never seen before products to our consumers. Our brands have always played the fashion leadership role and this will further cement our positioning.

Now, looking back at last year performance, the entire industry was impacted due to pandemic. Our revenues were 635 crs. We rationalised our Exclusive Brand Outlets network and shut 44 stores on net basis, ending the year with 551 stores. We added 179 doors in LFS in the same period. We formulated a five pronged COVID response strategy with the overlying vision to retain our ability to scale up while preserving the strength of the balance sheet, I am happy to share that we ended the year with higher cash balance of 182 crs against opening cash balance of 171 crs. This was achieved without any external fund raise. Our working capital despite the challenging times came down to 352 crs against opening

balance of 383 crs. On cost savings front, we have achieved savings of more than 124 crs which is 30% against last year. I would like to take this opportunity to thank all our employees and business partners who supported us in these difficult times. The understanding and cooperation reinforces the strength of relationship we have built over the years.

As we navigate this year, the pandemic is still not completely behind us. Business continues to be disrupted although recovery so far looks way sharper than last time. We see a progressive recovery curve and are excited to see the growing traction back again in the market. Proactive measures by government including accelerated vaccination drive and collective efforts of all stakeholders should see us navigate the pandemic strongly. We continue to keep a razor sharp focus on cash conservation and cost controls while building growth runways and new capabilities. Given the company's balance sheet strength and preparedness to scale up, we are well poised to ride the growth curve.

This is also the time to step up our efforts to give back to the society and the environment. We have taken small steps to make a difference to our eco system. Today, many of our product collections use eco-friendly fabrics like LIVA ECO and production methods like Solar Charkha Mission. Our efforts of setting up partner manufacturing units in rural areas has resulted in women empowerment and economic well-being of those clusters. We have worked with various government agencies in extending support in fighting the pandemic. We will continue to up our efforts in the areas of empowerment and sustainability.

Finally, I will like to once again thank the entire ecosystem for their extraordinary contribution and support in such difficult times. The pandemic challenge has reinforced our belief of Culture, People and Relationships being the greatest strength of our organization. There is no substitute for passion and commitment of the people for which I would like to thank all stakeholders including our employees, business partners, customers and investors. I would also like to express our gratitude for the entire medical fraternity, social service organizations and all such people who braved the pandemic selflessly. There is no doubt that we all will emerge stronger from the pandemic and together build a better tomorrow.

Thank you so much and Please Stay Safe

I now request Piyush our Company Secretary to explain the process of voting on the resolutions proposed for approval.

Company Secretary: Thank you, sir. The Company has provided its members the facility for remote e-voting in accordance with the provisions of Companies Act and SEBI listing regulations. Through the remote e-voting system provided by K FinTech technologies Private Limited, the company had fixed 10th September 2021 as the cutoff date for determination of Shareholders eligible to vote and participate in this meeting, and the remote e-voting facility was made available from 09:00 am on September 14 2021 to 05:00 pm on September 16, 2021. The Company has made all efforts and taken necessary steps to the extent possible in the circumstances to intimate members on convening of the meeting and to enable them to participate and vote on the matters being considered in this AGM. The registers under the Companies Act and the other documents that have been referred to in the notice convening the AGM are available for inspection at this meeting. The facility for e-voting Instapoll at this meeting is also

provided for members attending this AGM and who are not yet voted. A member can opt for only one single mode of voting that is through remote voting or instapoll voting at the AGM.

The members who have already voted through remote e-voting are advised to refrain from voting on the instapoll. Mr. Devesh Kumar Vashisht has been appointed as the Scrutinizer to scrutinize the votes cast before and during the meeting through remote e voting. We further request you to note that there are no qualifications and observation or comments in the Auditor's report, which have any adverse effect on the functioning of the Company. The reports of the Statutory Auditor and the Secretarial Auditors form part of the annual report which has been circulated to the members and accordingly it's been taken as read. Before we start the voting process, I request Mr. Anant Daga on behalf of the Board to answer the questions on the queries received from the Shareholders.

Mr. Anant Kumar Daga: Thank you Piyush. Dear Shareholders, we seek your understanding that there due to paucity of time there is a possibility that some of the queries might be unaddressed during the event. I will try to address as many questions as possible, but we shall also respond to any unaddressed queries suitably post AGM conclusion. Thank you.

Mr. Devesh Kumar: Thank you, sir. The first speaker is Mr. Yuvraj Kumar Khemani

Mr. Yuvraj Kumar Khemani: Good afternoon, sir. My name is Yuvraj Kumar Khemani. Good afternoon, sir. My name is Yuvraj Kumar Khemani. Thank you for giving me the opportunity to speak at the Annual General Meeting. We all know that because of the covid 19 pandemic the retail industry has suffered. So, as a Shareholder, I would like to understand what is the impact of COVID wave two on the cash reserves of the Company? And what are the steps the company's taking to conserve its cash? Further, does the company have any plan to declare any dividend in future? I would appreciate these answers. Thank you.

Mr. Devesh Kumar: Thank you. The next speaker is Mr. Himanshu Grover.

Mr. Himanshu Grover: Good afternoon, everyone. My name is Himanshu Grover, and I'm attending this AGM from New Delhi. First of all, I would like to wish all the good health to all the directors and the shareholders of the company. My question was, basically to understand that while reading the annual report of the Company for financial year 2021, I noticed that Company closed a few of their stores. So, my concern was what is the, like future planning for the Company? By like, are they planning to expand? Or are they planning to open new stores that too from franchise mode or like the store directly by the company? So, this was my concern after reading the report. So, thank you, everyone, and I wish all the best to the management and Directors of the Company. Thank you.

Mr. Devesh Kumar: Thank you, sir. And Mr. Anant Kumar, we request Mr. Anant Kumar Daga to respond to the queries of the Investors.

Mr. Anant Kumar Daga: yeah, so thanks for the queries. Addressing the first question on cash position. Well, we would say that, you know, even post wave one which had a far greater impact, negative impact on business, we ended up with a higher cash balance than what we started the year with. And when wave two hit us, we were financially in a stronger position then even before wave one. Now the

approach has been similar. In wave two again, we have kept a very sharp focus on managing working capital and controlling costs.

As we speak, there are multiple interventions which are going in across areas like you know rental lease appreciations, discretionary cost control, managing debtors, controlling inventory, all these we should add cash in times to come. In Q1, definitely we lost some cash because you know, there was severe lockdown and business was on standstill, but as on date, we have started recouping a lot of that cash and from here on we should be able to build strongly on the same. Another related query from another Shareholder has been are we prepared for wave three and what do we intend to do for that, if suppose, God forbid, that comes. So, there again, the strategy will be similar. Managing cost better, controlling working capital. Apart from this, what we have also done is over last few months, we have built enough flexibilities in our supply chain, so that you know any sudden demand shock, the impact of that could be reduced. So, all these steps we will be taking. The related question was about dividend. So, see, we believe that you know, our industry and our Company has tremendous growth opportunities and we would want to preserve the cash flow investing in the same.

Coming to the next question, which was on retail expansion, we absolutely right, last year, we have shut multiple stores. But right now, we are getting on a very, very aggressive offline expansion plan for the year. So, two big projects as I spoke in my address also, one way is about Project rise wherein you know, we are getting a short window where in rentals have softened across key malls in bigger cities and key high streets. There we are upgrading our presence. So that's one big area. Second, for tier three, four and five Markets, we are also exploring aggressive franchising route for expansion. So, amongst all these things, I think put together we should be able to open at least, 60+ stores on net basis. The share of franchisee and own would depend upon locations that we are able to finalize. We have received one more query from a Shareholder asking for capital expenditure plan for the year. So, see, we are not a very capital expenditure intensive company. And as long as for the year we are envisioning an outlay of about 20 to 30 odd crores, most of which will be go will be going into upgradation of stores and setting up new EBO's. Some part of it could be used for warehousing an IT infrastructure. So, these were the questions. I would now request Piyush to please take over the proceedings. Thank you.

Mr. Anant Kumar Daga: Piyush, You're on mute.

Moderator: Sir, you are on mute.

Company Secretary: Oh, thank you sir. The matters to be voted upon are as follows.

Ordinary business

Item no. 1: To receive, consider and adopt the audited financial statements of the company for FY ended 31st March 21 together with the report of board of directors and auditors there on.

Item no. 2: To appoint Mr. Onkar Singh Pasricha as a director who retires by rotation and being eligible offers himself for reappointment.

There are two special business items

Item No. 3: Approval for remuneration of Mr. Onkar Singh Pasricha Chairman and Executive Director.

Item No. 4: Re-appointment of Mr. Anant Kumar Daga as the Managing Director of the Company and fixation of his remuneration.

With the permission of the Chair, the e-voting facility shall remain open for 15 minutes to enable the members who have not yet casted their vote so that they can vote on the resolutions. The voting results will be announced within 48 hours of conclusion of the meeting. The same will also be uploaded on the website of the company, the stock exchanges and website of the RTA K Fin technologies.

Now I hand over the proceedings of the meeting to Chairman Sir.

Moderator: Sir, you are on mute.

Mr. Onkar Singh Pasricha: Thank you Piyush, the e-voting and instapoll commences now and will remain open for 15 minutes. I wish to place on record deep appreciation for the excellent support and coordination extended by the Shareholders, Customers, Suppliers, Bankers and all other business associates. Your directors gratefully acknowledge ongoing cooperation and support provided by the Central Government, State Government all regulatory authorities. Last but not least, we would like to thank and acknowledge the efforts of all our Employees. We wish everyone good health. On behalf of the Board, I thank all the Shareholders to attend this meeting. We now conclude this meeting. Thank you for your time.