

Date: 18-08-2020

To Corporate Relationship Department BSE Limited 1st Floor, Rotunda Building P.J Towers, Dalal Street, Mumbai-400 001.	To National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E) Mumbai- 400 051.
--	---

Dear Sir,

Subject: Investor Presentation for Q1 & FY 21.

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

Scrp Code: BSE- 541700/Stock Symbol: NSE- TCNSBRANDS

With reference to the above captioned subject, please find herewith, enclosed Investor Presentation for Q1 & FY 21.

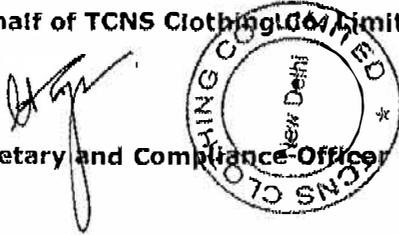
The aforesaid Investor Presentation is also being disseminated on Company's website at <https://wforwoman.com/>

This is for your information and records.

For and on behalf of TCNS Clothing Co., Limited

Piyush Asija

Company Secretary and Compliance Officer



TCNS Clothing Co. Limited

119 & 127, W-HOUSE, NEELGAGAN TOWER, MANDI ROAD, SULTANPUR, MEHRAULI, NEW DELHI-110030, INDIA

PH: 011-42193193, Fax: 011-42193194, E-mail: corporatecommunications@tcnsclothing.com, www.wforwoman.com, www.shopforaurelia.com

REGD. OFFICE: UNIT NO. 112, F/F RECTANGLE 1, D-4, SAKET, DISTRICT CENTRE, NEW DELHI- 110017, INDIA

CIN- L99999DL1997PLC090978



aurelia



TCNS Clothing Co. Ltd.

Presentation – Q1 FY21 results
Aug 18, 2020



Safe Harbor

This presentation and the accompanying slides (the “Presentation”), which have been prepared by **TCNS Clothing Co. Limited (the “Company”)**, have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment what so ever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

Certain matters discussed in this Presentation may contain statements regarding the Company’s market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the industry in India and world-wide, competition, the company’s ability to successfully implement its strategy, the Company’s future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company’s market preferences and its exposure to market risks, as well as other risks. The Company’s actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this Presentation. Any forward-looking statements and projections made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third party statements and projections.

About Us

4
Home Grown Brands



Coordinates brand "Elleven" launched in January '20

Widespread Distribution Network

587 EBOs
1,952 Large Format Stores
1,064 MBOs

Strong Design & Manufacturing Capabilities

40+ Designers
Refreshing New Products every **2-3 weeks**
Wide network of suppliers and job-workers

Experienced Professional Management Team

NO Attrition of Top Management in last 7 years

Scalable Business Model

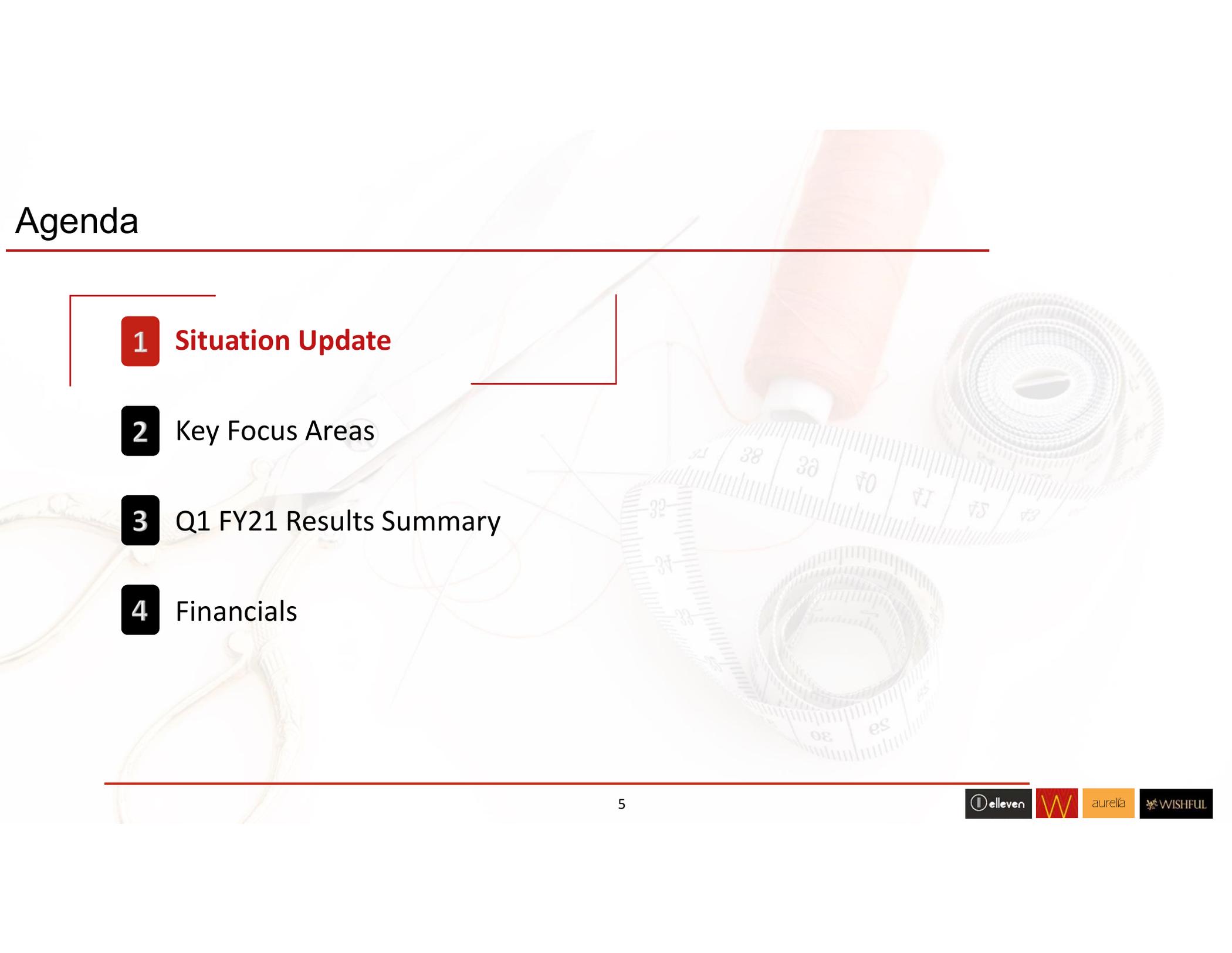
Proven product & Retail Concept
Outsourced Manufacturing



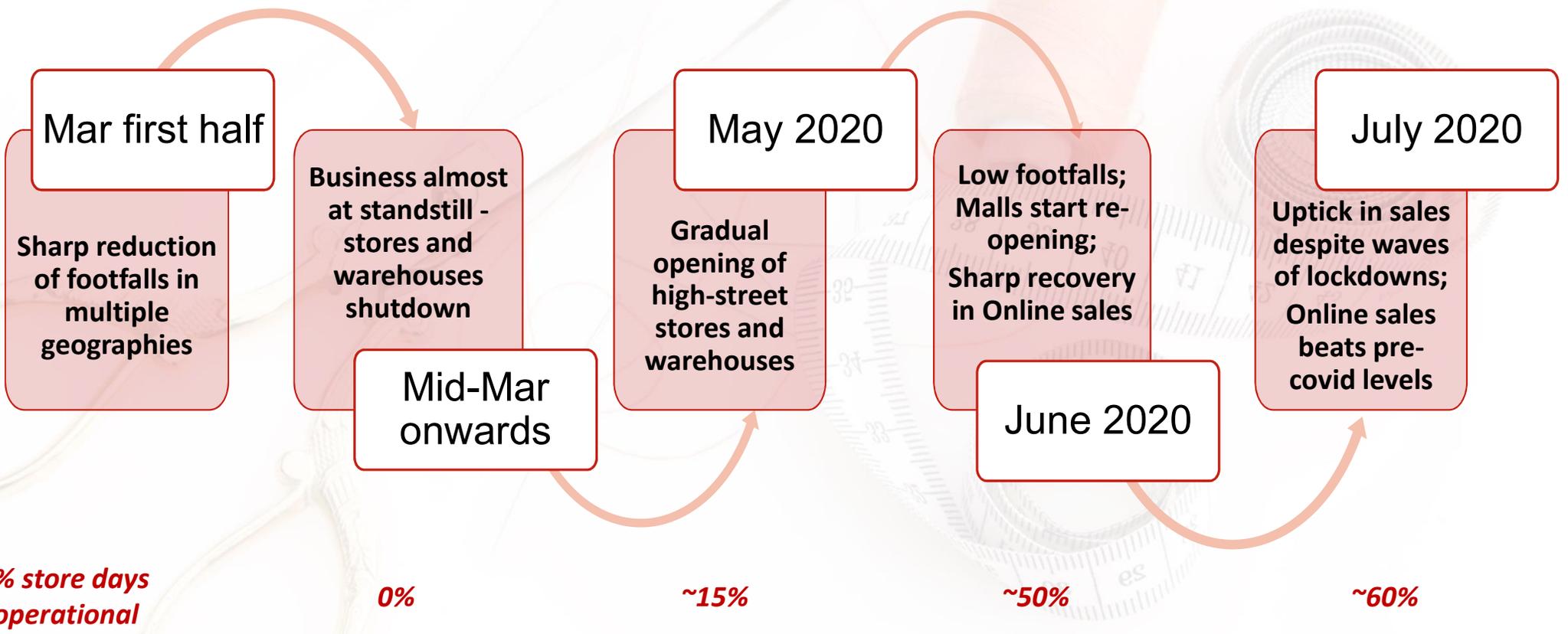
Agenda

- 1** Situation Update
- 2** Key Focus Areas
- 3** Q1 FY21 Results Summary
- 4** Financials

Agenda

- 
- 1 Situation Update**
 - 2 Key Focus Areas**
 - 3 Q1 FY21 Results Summary**
 - 4 Financials**

COVID impact continues beyond Q1; staggered reopening of operations post complete lockdown in April



Strong traction in Online and progressive recovery in operational store count and sales

Status as of mid-August

Stores Unlocking

- ~475 EBOS, ~1500 LFS doors and 2/3rd MBO counters operational with intermittent lockdowns
- Malls in few key geographies including TN and Maharashtra just opening / yet to open



Operations

- Office, warehouses and third party manufacturing units operational
- Non-NCR manufacturing units scaling up faster



Offline Sales

- High-streets tracking ahead of malls and airports; areas less impacted by COVID ahead on normalization curve
- Sales tracking ~40% of pre-Covid¹, demand resilience visible since July-end with festive spike

Online Sales

- Overall strong growth to reach 1.25X of pre-covid levels
- Own website growth accelerating - tracking at 2X of pre-COVID sales

Note 1. On normalized store operational period

Agenda

- 1 Situation Update
- 2 **Key Focus Areas**
- 3 Q1 FY21 Results Summary
- 4 Financials

Focus areas on track and showcasing impact; strong cash reserves of 125 crores and additional unutilized bank limits, despite 5 months of disruptions

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 emerging due to COVID impact for creating long-term growth runways

1. Cost Controls: secured 20%+ reduction in fixed cost for the year; working on further savings while investing in strategic capabilities

Rentals & CAM

- Secured full year savings of ~25% over last year (~30% against the contracted rentals including escalations), savings of 19 crores accounted for in Q1. Negotiations on for further reductions
- Initiated rationalization exercise for unsustainable stores. 16 stores closed in Q1, ~25 stores under consideration for closure
- 10 stores identified for conversion to dual stores

Salary

- 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.
- Potential annualized saving of 20%+. Full benefit to flow from Q2

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: cash reserves of 125 crores and additional unutilized bank limits as of mid-Aug; Laser focus on reducing working capital and freeing up cash

 Finished Goods Inventory	 Raw Materials Inventory	 Creditors / Payables	 CAPEX
<ul style="list-style-type: none"> ➤ Redeploying SS20 merchandise over next 2 seasons; significantly reducing fresh buys ➤ Responsive supply chain in place to nimbly manage demand shifts 	<ul style="list-style-type: none"> ➤ Minimal cash outflow for additional fabric purchases. Current inventory sufficient for majority requirement over rest of the year ➤ Reusing existing greige and finished fabrics to create capsule ranges 	<ul style="list-style-type: none"> ➤ Reverting to utilizing full credit period; paused early payments ➤ Introduced third-party vendor financing partnership to handhold and support our vendors 	<ul style="list-style-type: none"> ➤ Minimize new stores opening apart from the ones in pipeline ➤ Continue investment in strengthening IT and warehousing infrastructure ➤ Minimal discretionary capex

Finished goods inventory: range architecture lends to fungibility of styles across seasons and usage occasions - a significant advantage

Core



Casual



Light Festive



Fashion



SS20 stocks redeployed to future seasons due to fungibility of styles – reinforcing with capsule ranges to plug in the gaps

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
- 50+ societies / apartment complexes already served; accelerating further
- Save Now Shop Later: Targeted campaigns for high-value eVouchers
- Personalized promo offers for high value consumers to drive retention



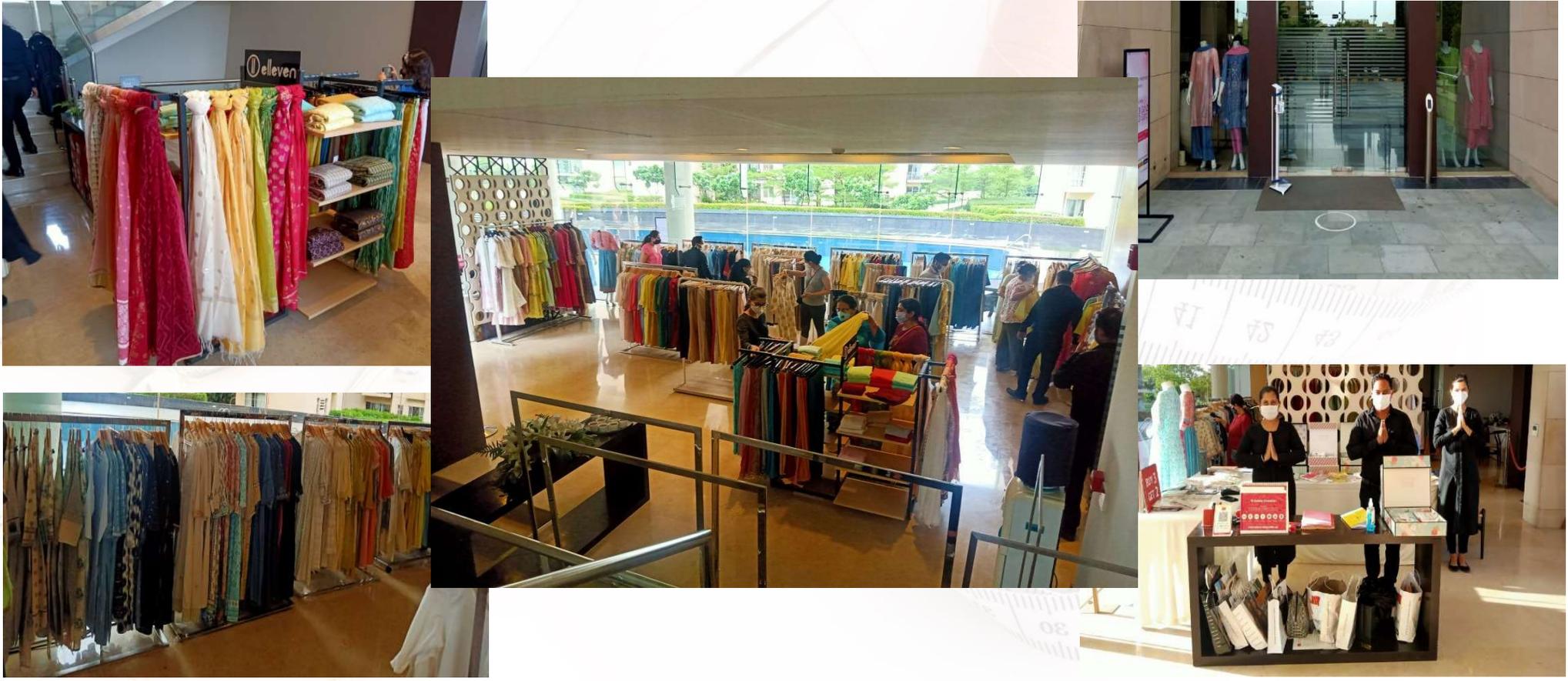
Online D2C Initiatives

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

No Contact Shopping: Introduced initiatives like Virtual store visits, Catalogue selling and arranging for home deliveries



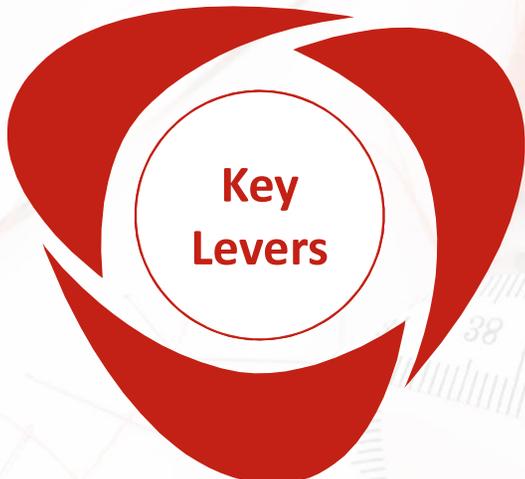
Hyperlocal Shopping: Pop-up stores in apartment complexes to take shopping to consumers' home



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

1 Express production process

- Built a technology enabled, 3-week reordering process
- ✓ Tested the process pre-COVID for a meaningful number of styles
- ✓ Expanding to a much larger part of business, thereby significantly reducing inventory risk



2 Shorter Thought-to-Shelf cycle

- Moving away from a strict two-season calendar
- ✓ Will bring inventory closer to the season specific requirements
- ✓ Reduced business risk and lower inventory requirement

3 Data Science based stock decisions

- Machine learning based inventory optimization:
 - ✓ Automated replenishment process implemented across all brands / categories
 - ✓ Scaling up across all channels

5. COVID as an Opportunity

1

Market consolidation

Resetting of market map due to business headwinds impacting the wider industry

2

Acquisition opportunities

Quality assets becoming available at attractive valuations

3

Real estate availability

Lock-in favorable long-term leases

Agenda

- 1 Situation Update
- 2 Key Focus Areas
- 3 Q1 FY21 Results Summary**
- 4 Financials

Q1 FY21: Reported Ind AS 116

Amount Crores	Q1 FY21	Q1 FY20	YoY %
Revenue	32	280	-88%
EBITDA	-26	60	-143%
PAT	-45	20	-321%

% to Revenue	Q1 FY21	Q1 FY20
EBITDA	-81%	22%
PAT	-140%	7%

Leading home grown brands



PREMIUM FUSION WEAR

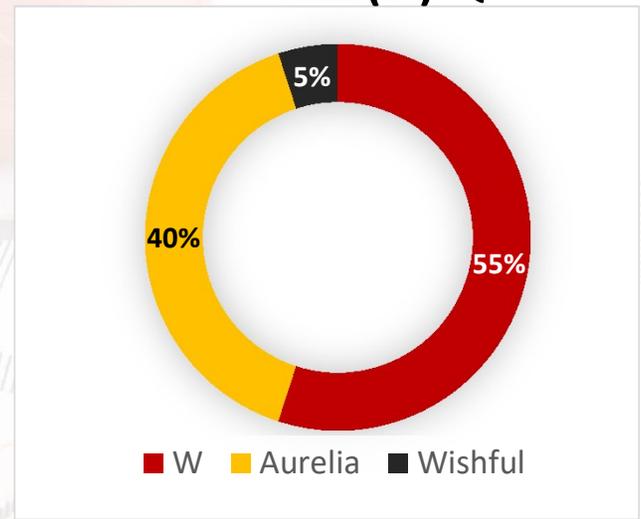


CONTEMPORARY ETHNIC WEAR



PREMIUM OCCASION WEAR

Share of Brands (%) Q1 FY21

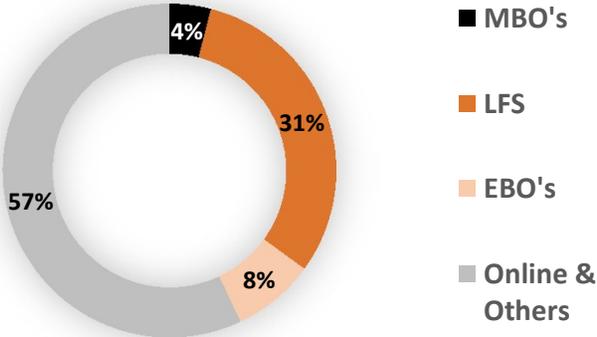


Brand Wise Growth

Brands	Q1 FY21
W	-89%
Aurelia	-87%
Wishful	-91%

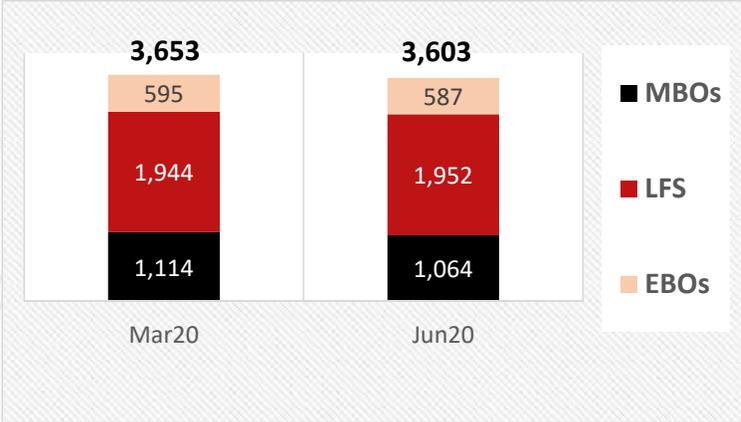
Q1 Channel wise performance

Channel Wise Revenue Split – Q1 FY21



Note: SSSG for this period is not comparable due to difference in number of days operational

Pan India Multichannel Presence



# of EBOs	As of Jun 20	Q1 openings
W	343	-4
Aurelia	236	-6
Wishful	5	
Elleven	3	2
Total	587	-8

Agenda

- 1 Situation Update
- 2 Key Focus Areas
- 3 Q1 FY21 Results Summary
- 4 Financials**

Profit & Loss Statement – Q1 FY21 Reported Numbers

		INR Mn		
Particulars	For the quarter ended			For the financial year ended
	June 30, 2020 (Unaudited)	March 31, 2020 (Unaudited)	June 30, 2019 (Unaudited)	March 31, 2020 (Audited)
1. Income				
(a) Revenue from operations	324.20	2,192.05	2,796.29	11,486.67
(b) Other income (See note 7)	165.87	91.11	22.25	211.40
2. Total income	490.07	2,283.16	2,818.54	11,698.07
3. Expenses				
(a) Cost of materials consumed	247.00	1,198.95	1,197.69	4,506.81
(b) Purchases of stock-in-trade	8.85	25.59	-	93.15
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(96.15)	(301.79)	(281.97)	(576.68)
(d) Employee benefits expense	327.55	383.40	370.33	1,575.90
(e) Finance costs	91.37	95.08	92.32	381.89
(f) Depreciation and amortisation expense	251.94	312.76	232.17	1,031.51
(g) Rent expenses	-	61.90	47.38	225.85
(g) Selling and distribution expenses	119.72	584.90	647.81	2,690.63
(h) Other expenses	144.13	287.17	233.67	1,108.36
4. Total expenses	1,094.41	2,647.96	2,539.40	11,037.43
5. Profit/(loss) before tax (2 - 4)	(604.34)	(364.80)	279.14	660.63
6. Tax expense (See note 6)				
(a) Current tax (net)	-	(94.12)	93.62	(62.87)
(b) Deferred tax (Credit)/expense	(151.05)	(32.94)	(19.21)	29.38
7. Total tax expense	(151.05)	(127.06)	74.41	(33.49)
8. Net profit/(loss) after tax for the period (5 - 7)	(453.29)	(237.75)	204.73	694.13



THANKYOU

