



TCNS Clothing Co. Limited

TRANSCRIPT OF THE PROCEEDINGS OF THE 26th ANNUAL GENERAL MEETING OF TCNS CLOTHING CO. LIMITED HELD THROUGH VIDEO CONFERENCING ON MONDAY, THE 11th DAY OF SEPTEMBER, 2023 AT 11:30 AM (Meeting Conclusion Time : 12:15 PM).

Mr. Piyush Asija: Good morning, dear shareholders!! On behalf of the board and management of TCNS Clothing Co. Limited. I, Piyush Asija, Company Secretary and Compliance Officer, would like to extend a warm welcome to all of you for joining the 26th annual general meeting of the Company. This meeting is in compliance with relevant circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India, allowing general meetings to be conducted through VC till 31st December 2023. The Company has taken requisite steps to ensure that the members are able to participate seamlessly in the meeting by availing itself of the services of KFin Technologies Limited. This has helped us to conduct the meeting through video conferencing, thereby enabling active participation at this AGM, Remote e-voting and e-voting during the meeting. The requirement of appointment of proxies is not applicable and accordingly the facility for appointment of proxy, has not been made available for this meeting.

All the statutory registers including the register of Directors and register of Director Shareholding and other documents referred in the notice of this 26th Annual General Meeting are available for inspection in electronic code. The Annual Report along with the Notice and instructions for e-voting was sent to the shareholders through email and is made available on the website of the Company and the Stock Exchanges and on the website of KFin Technologies Limited, the RTA and the voting Service Provider. The hard copies of the 26th AGM Notice and the Annual Report for FY 22-23 were also provided to the members who requested for the same.

In terms of applicable MCA circulars, the Company has provided the facility to members to register themselves as speaker and to share their views at this 26th AGM of the Company. We request you to please take note of the following in order to ensure smooth proceedings of this meeting:

- ❖ The facility of attending this meeting through video conferencing facility is being made available on first come first serve basis to a maximum of number of 2000 members.
- ❖ All members who have joined the meeting have been placed on mute by default.
- ❖ The Company has received requests from a few members to register themselves as speaker at the AGM and accordingly, the facility will be open to the members to ask their questions or express their views. We will facilitate this session once the Managing Director opens the floor for questions and answers. It may be noted that the Company reserves the right to limit the number of members asking the questions depending on the availability of time at this AGM.
- ❖ Once the Questions and Answer session Starts, the moderator shall announce the name of the speaker shareholders. The moderator will invite the speakers one by one and allow them to share their views and queries. Members are requested to keep their questions brief and specific. To avoid repetitions, the answers to all the questions will be provided towards the end.
- ❖ We seek your understanding that due to paucity of time, there is a possibility that some of the questions and queries might be unaddressed during the event, we would try to address and answer the maximum queries and we shall respond to all the unaddressed queries suitably post the conclusion of the Annual General Meeting.
- ❖ Speakers are requested to limit their respective conversation to two minutes.



- ❖ Members may note that AGM is being recorded. Please do not disclose any sensitive personal information or personal identifiable information belonging to you.
- ❖ Members who have not yet cast your vote electronically and who are participating in this meeting will have an opportunity to cast their votes during the meeting through the voting system provided by KFin Technologies. Members can click on the vote tab on the video conference screen to make use of this facility. The facility to vote on instapoll shall be activated upon confirmation by the chairperson.
- ❖ Members may please note that there will be no voting by show of hands.
- ❖ In case members face any technical issue during the AGM, they may reach out on the helpline numbers.

The company had fixed September 04, 2023 as the cut-off date for the determination of shareholders eligible to vote and participate in the meeting which was made available from 09:00 A.M on September 08, 2023 to 05:00 P.M on September 10, 2023.

The company has appointed M/s. Sanjay Grover and Associates, Practicing Company Secretaries, to act as scrutinizer and to scrutinize the voting process in a fair and transparent manner. Mr. Kapil dev Taneja and in case of his unavailability Mr. Neeraj Arora on behalf of Sanjay Grover Associates have been appointed. As scrutinizer to scrutinize the votes cast before and during the meeting, through e-voting. As this meeting is being held through video conferencing and the resolutions mentioned in the notice convening this AGM have been put through vote through remote E voting there will be no proposing and seconding of these resolutions. We have the requisite quorum present through video conference to conduct the proceedings of the meeting. Participation of members through video conferencing is being reckoned for the purpose of quorum as per the circulars issued by MCA, and section 103 of Companies Act 2023.

Now I request our chairman Mr. Onkar Singh Pasricha to call the meeting to order and to take up the proceedings of the meeting.

Mr. Onkar Singh Pasricha: Good Morning dear shareholders!! I, Onkar Singh Pasricha, Executive Director and Chairman of the Company, on behalf of my fellow members, board members extend to you a warm welcome to this 26th Annual General Meeting of your Company. We very much appreciate your generous support. On behalf of the TCNS board members, I thank you for taking the time out from your busy schedule to join us. The quorum being present, I hereby declare the meeting to order. Before we start the proceedings of the meeting, I request my colleagues on video conference call to introduce themselves. Anant, please introduce yourself.

Mr. Anant Kumar Daga: Namaste, I am Anant Kumar Daga, Managing Director of the company. I am a member of Stakeholder Relationship Committee and Risk Management Committee. I am joining this meeting from registered office of the Company,

Mr. Onkar Singh Pasricha: Neeru ji

Ms. Neeru Abrol: Namaskar to all! I am Neeru Abrol, Non-Executive Independent Director of the Company. I am Chairperson of the Audit committee, member of the Nomination and Remuneration committee, Stakeholders Relationship Committee, Corporate Social Responsibility committee and Risk Management Committee. I am attending the meeting from my residence at New Delhi, Thank you.

Mr. Onkar Singh Pasricha: Sangeeta Ji



Moderator: Mam you are on mute. We are not able to hear. Maam आपका वीडियो नहीं आ रहा है. I think you have to refresh your thing. Madam, I think you have added the headphones please press Control R you take some minute. Maybe we can go to the next director and come back.

Mr. Onkar Singh Pasricha: Suresh, Please

Mr. Suresh Jayaraman: Yeah good morning, everyone. I am Suresh Jayaraman, Non-Executive Independent Director of the company. I am also a member of Nomination and Remuneration Committee and I am attending the meeting from Mumbai. Thank you.

Mr. Onkar Singh Pasricha: Arvinder ji

Mr. Arvinder Singh Pasricha: Hello, good morning. I am A.S Pasricha. I am Non-Executive Director.

Mr. Onkar Singh Pasricha: Bhaskar, please

Moderator: Sir, you're Mr. Bhaskar, you're on mute.

Mr. Bhaskar Pramanik: Sir, I am Bhaskar Pramanik, and I'm a Non-Executive, Independent Director of TCNS Clothing. I am a Chairperson of the Nomination and Remuneration Committee and a Member of the Audit Committee, Corporate Social Responsibility and Risk Management Committees. I am attending the meeting from my residence situated at Gurgaon.

Ms. Sangeeta Talwar: Can you hear me now, please?

Mr. Onkar Singh Pasricha: Yes, yes.

Ms. Sangeeta Talwar: Good Morning everyone. I am Sangeeta Talwar, I'm a Non-Executive Independent Director in TCNS. And I am the Chairperson of the Stakeholder Relationship Committee. In addition, I'm a member of the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee and the Risk Committee. I am attending this meeting from my home in New Delhi.

Mr. Onkar Singh Pasricha: We have with us Amit Chand, Chief Financial Officer of the company. Amit, please introduce yourself.

Mr. Amit Chand: Hello everyone. I am Amit Chand, CFO of the company. Good morning and welcome you all.

Mr. Onkar Singh Pasricha: Leave of absence to be granted to Mr. Naveen Wadhwa who could not attend the meeting due to preoccupation. Apart from the directors and KMPs we have with us our statutory auditors and secretarial auditors.

Dear Shareholders, FY23 was a year of adaptation. In the midst of a fluctuating market landscape, we registered our all-time high revenues in FY23 and at the same time, we made tangible adjustments in our business strategy and processes to adapt to changes in the consumer behaviour and keep our business efficient. The latter half of FY23, especially post-Diwali, brought to light a few challenges. There was a subdued demand in the overall apparel market including the segment that we operate in ethnic women's wear. Additionally, the transition to Online D2C model had a transient effect on our Online B2B revenues in FY23. In terms of market demand for women's wear, we are optimistic about the overall outlook, especially with the re-implementation of work-from-office models in several



organizations. This positive development is expected to drive higher consumption in the women's wear segment.

In our efforts to stay agile and responsive, we have re-evaluated our merchandise structure and delivery systems. This is done keeping in mind the post-Covid world and the new set of consumer expectations that come with it. We are collaborating with our front-end and back-end partners to take feedback and incorporate those in our collections. We have allocated resources to integrate technology, refine our brand perception, and tweak our marketing approaches to be more in line with current consumer or market trends.

We have further broadened our retail reach, by adding 76 exclusive brand stores to our network. This expansion was a strategic move to cater to our diverse customer base across different regions. Additionally, to meet the changing consumer dynamics, we began transitioning our online business to a D2C model. Alongside, our backend saw the completion of a vital migration into a fully integrated warehouse and implementation of a planning and replenishment system, with the aim of refining our operational efficiencies.

Alongside, at our backend operations we have consolidated into a fully integrated warehouse and implemented a planning and replenishment system, with the aim of refining our operational efficiencies significantly. The road ahead, while clear, will require our consistent attention to detail, an ability to adapt, and resilience. I extend my sincere gratitude to our dedicated team, our business partners, and our shareholders. Their patience, trust, and support have been and will remain pivotal. As we move ahead, we will work collaboratively to the changing terrains and ensure that our strategies align with both our short-term challenges and long-term vision of enhancing value for all our stakeholders. Now I would request Mr. Anant Kumar Daga, our Managing Directors to address the shareholders with an update on the business and financial performance of the Company. Anant?

Mr. Anant Kumar Daga: Thank you, Sir, Dear shareholder good Morning. This is a very interesting and important phase in the journey of your company having built the leading women's ethnic platform in the country, we are now taking the strategic alliance route to scale up newer heights. This will start a new chapter for all of us, one with immense promise and potential. While I will share more colour on the same, let me first take you through key performance highlights for the previous year and key priorities for the coming month.

As we entered the first year post-covid, we experienced a solid demand recovery in the first half of FY 23, signalling positive market dynamics. However, the broader market failed to sustain its pace, resulting in a muted demand scenario during the second half, especially starting the Valley. Despite the subdued demand scenario in the second half of the year, I am happy to share that our company achieved its highest ever revenues. We did 1202 Crores in FY 23, reporting a growth of 34% compared to previous year's revenue of 896 Crores. We have successfully opened 76 new EBOS surpassing the previous year's record of adding 48 new stores. This brings a total number of stores to an all-time high of 675, surpassing the milestone of 599 stores that we have achieved previous fiscal year out of the 675, EBOs in FY 23, W added 44 new stores, reaching 376 stores. Aurelia added 13 stores, reaching 258 stores. Wishful added 2 stores, reaching a total of 7, and Elleven added 17 stores, reaching 34 stores. The growth strategy of driving online business through Omni and D2C platform has made significant progress during the year. With reference to our online business, we have successfully completed the transition from a B2B model to a D2C model. This transition has resulted in deep Omni integration across our website and marketplace platforms. It has allowed us to offer a comprehensive



product range and optimize inventory management across channels throughout the year. We have witnessed not only shift in revenue toward D2C model, but also experience faster growth across the same.

The D2C model now contributes to over 75% of total online sales. Looking ahead, after creating a strong base, we have envisioned clear priorities for next year. Number one, getting into a winning range architecture and merchandise mix. Number two, driving same store sales recovery while taking a more calibrated approach towards store expansion. Number three, building on online growth journey and number four, continuously optimizing working capital. We continue to build on the product portfolio by focusing on premiumization of the occasion wear range while innovating newer styles and silhouette within the casual and work wear space. The newer silhouettes have high acceptance in the category spatially driving demand in the casual wear category. Hence, premiumization of occasion wear and casualization of the day wear will be the theme for the year. Our focus on expanding and building a wider and deeper retail presence has rooted us into establishing the largest sales distribution network in the country. We shall continue our store expansion effort with focus on further driving store level through throughput and efficiencies, which will assist in reducing cost and moving towards better profitability realizations as well. We will achieve this by undertaking a comprehensive approach through optimizing of store inventories, driving footwalls, adding the right merchandise mix, and reducing operation cost. The completion of initiatives related to building capabilities for transition to D2C model paves the way to focus on next phase that is to expand across models within the business. A deeper Omni integration across website and marketplace channels shall facilitate us to offer comprehensive product range and drive better efficiency through fungibility of inventories. The challenging macro environment last year had a negative impact on our working capital, which is currently at an elevated level. We had initiated necessary steps to optimize the same through aggressive liquidation of old season merchandise, optimize new season purchases, and repurposing existing stocks. Now, talking about the journey of the company, it's an extremely important juncture.

Over the years, your company has been able to create the leading ethnic women's wear platform with multiple successful brands and a strong Pan India presence. As we continue to build the platform and embark on a thorough exploration of the best long term growth plan and value creation opportunities for our company and stakeholders, it is evident that forging and strategic alliance with a larger platform would be the optimal way forward. It gives me immense pleasure to announce our association with Aditya Birla Fashion and Retail limited "ABFRL" that will accelerate our journey and enable us to unlock our full potential in a more expedited manner. The partnership with ABFRL brings numerous benefits including access to their brand playbook, a complementary portfolio resulting in synergies that extend to both front end and backend ecosystems. Importantly, this collaboration aligns perfectly with our shared ethos of empowered decision making and a professional approach to building businesses. With immense excitement, we view this partnership as a new beginning in our journey. We eagerly anticipate the possibilities that lie ahead, confident that this strategic alliance will drive our company to even greater heights. Together with ABFRL, we are poised to seize new opportunities, foster growth and create lasting value for stakeholders. I would like to express my deepest gratitude to all the stakeholders including our shareholders, employees, business partners and the board for their unwavering support and confidence in us. Look forward to the exciting journey ahead. Thank you.

Mr. Piyush Asija: Thank you sir. I now request the Moderator to open the Q A session.



Moderator: Speakers may kindly note that to avoid repetition, the Managing Director will respond to all questions at the end. The questions not answered shall be responded by the company over email. Members may note that this meeting is recorded. The first speaker is Mr. Ramnarayan Rajagopal, Mr. Ramnarayan Rajagopal

Mr. Ramnarayan Rajagopal: Respected chairman, board members, and employees of the company I am from Delhi and I hope all of you are in good health. Firstly, I would like to congratulate the board members and the management team for having successfully completed this transaction with Aditya Birla Fashion and Retail, one of the leading brands and fashion houses in the country. This transaction will have substantial benefits for the company in the long term and I look forward to these benefits. I would like to take this opportunity to ask the company whether the company foresees only front-end benefits from this transaction or whether there will be any benefits accruing to the company in the back end as well. That's it from my side. Thank you.

Moderator: The next speaker is Mr. Vishnu Khandelwal. Mr. Vishnu Khandelwal.

Mr. Vishnu Khandelwal: Hi Everyone, I am Vishnu Khandelwal joining this from Gurgaon, thank you for this opportunity to join the AGM and ask my question, I would want to know more about the retail store expansion plans of the company now that it is being acquired by Aditya Birla Group. It has been actively expanding in the retail space in the past will that expansion continue now or will it go up or down? Thank you for the answer.

Moderator: The next speaker is Mr. Shivam Baidwan. Mr. Shivam Baidwan

Mr. Shivam Baidwan: Namaste. And a very good morning to the respected Chairman, Managing Director. I am Shivam Baidwan, shareholder of your company. I am attending this AGM from the capital of the country that is Delhi. Sir, I am feeling delightful to have given the opportunity to interact and clear my doubts. First of all, I would like to thank the management team for ensuring sustained growth and value creation for all the shareholders of TCNS in this tough time when retail sector all across the world is struggling to get back on its feet. Sir, I would like to know regarding the update on the transaction that the company had entered with ABFRL and since ABFRL has obtained the shares of TCNS under Open Offer so will that make TCNS a subsidiary of ABFRL and when can we expect the merger between TCNS and ABFRL to get completed? Thank you. Good luck ahead to the company

Moderator: that ends the speaker list. Over to you sir.

Mr. Anant Kumar Daga: Yeah, Thank you for the questions. Maybe I'll start with responding to the last question first. See post the closure of Open Offer and closing of SPA TCNS will become a subsidiary of Aditya, Birla Fashion and Retail Limited. As for the merger process, we have clearly laid out our intent and now it's up to the regulatory framework, approvals and timelines that we'll have to adhere to. Coming to the other question on retail expansion this year, a key focus area for us is to drive same store sales recovery. We already have a very wide network. Having said it as in the past, we will continue to open stores as and when opportunities come. Coming to the first question about ABFRL synergies well there are clearly deep synergies both across front end and back end. And now talking specifically about back end given their systems infrastructure, given their warehousing network and both sourcing and production base, I guess there are a lot of places where we can clearly leverage upon and apart from just physical infrastructure. It's a share learning of incubating, scaling up brands, managing product lifecycles I guess these are some of the areas where our brands and organization



can really learn a lot. So with this, I hope I have been able to address your queries. We would be happy to take more questions but we have time constraints so any other queries will reward post the AGM. Thank you so much. Over to you Piyush.

Mr. Piyush Asija: Thank You sir, so the statutory auditors Deloitte Haskin and Sells, chartered accountants and the secretarial auditors, Sanjay Grover and Associates, company secretaries in practice have expressed their unqualified opinion in their respective reports for FY 22- 23 and there were no qualifications, observations or any adverse comments on the financial statements and on the matters which have any material impact on the functioning of the company. Therefore in view of the same as per provisions under section 145 of the Companies Act and Secretarial Standard-2, the auditor's report are not required to be read at the AGM as the notice is already circulated to the members, I take the notice convening the meeting as read.

The matters to be voted upon are as follows for ordinary business:

Item no. 1: To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2023, together with the Reports of the Board of Directors and Auditors thereon.

Item no. 2: To appoint a director in place of Mr. Onkar Singh Pasricha (DIN 00032290) who retires by rotation and being eligible, offers himself for reappointment.

Then there is a special business:

Item no. 3: Approval for Remuneration of Mr. Anant Kumar Daga (DIN 07604184), Managing Director of the Company.

So, with the permission of the Chair the Instapoll/e-voting facility shall remain open for 15 minutes to enable the members to cast their vote who have not already done the voting. Now I would hand over the proceedings to the Chairman Sir, to conclude the same.

Mr. Onkar Singh Pasricha: I wish to express sincere thanks to our management and the Board of Directors for their continued leadership and unwavering support to the company. On behalf of our Board, I hereby express my gratitude to the strategy auditors, intermediates bankers, auditors, business partners, customers, employees and all other stakeholders who have stood by us. We are confident of creating value for all our stakeholders as we collectively accomplish our milestones of sustainable, responsible growth. Thank you everyone for your valuable time and attention!

Mr. Piyush Asija: Thank you, sir. The facility for e-voting for those members who have not yet voted through remote e-voting is open and I request all the members to please cast their vote as the voting close after 15 minutes. The voting results will be announced within two working days of the conclusion of the meeting and the same will also be uploaded on the website of the company, stock exchanges and the RTA. As all the items of business as per AGM notice have been taken up, the proceedings of the AGM stand concluded. I thank you all for joining us today. Thank you.