

16th August 2019

Corporate Relations Department BSE Limited 1st Floor, New Trading Ring Rotunda Building, P J Tower Dalal Street, Fort, Mumbai 400 001 SCRIP Code: 541700	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. SCRIP Symbol: TCNSBRANDS
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Subject: Clarifications on recommendation of the Agenda items of 22nd Annual General meeting of TCNS Clothing Co. Limited in proxy advisory report sent to us by International Investor Advisory Services (IIAS) on 16th August 2019.

Dear Sir/ Madam

With reference to the 22nd Annual General Meeting of the Company scheduled on 26th August 2019, the company has dispatched the AGM Notice along with the Annual Report to the shareholders of the Company and the same is available on the website of the company.

In the notice, the company has proposed 10 resolutions, comprising of 5 Ordinary resolutions and 5 Special resolutions for voting of the members.

The International Investor Advisory Services (IIAS) proxy advisory firm which gives recommendations to their clients on voting on resolutions, have recommended to vote "against" five out of the ten resolutions. In this regard we would like to clarify the following:

Agenda Item 5:

Approval of payment of remuneration to Mr. Saranpreet Pasricha Head (International Business)

Mr. Saranpreet Pasricha, aged 37 years has done Masters in Business Administration with specialization in Retail Marketing Management. He also holds a PG Diploma in Fashion merchandising after doing his Bachelors in Management from Lancaster University. He has more than 13 years of experience and has been with the company since 2009. He has served multiple roles in the company in Sourcing, Marketing and Sales. Currently he is the Head of International Sales.

International sales is currently a small business for the company, but is expected to be one of the growth levers for the company. Significant effort is required on the groundwork/understanding of the market and find suitable partners in different countries. Currently, multiple markets, including GCC countries are under evaluation.

Remuneration for Mr. Saranpreet Pasricha is recommended by the Nomination & Remuneration Committee, which is chaired by an Independent Director. The Committee has proposed the remuneration after a review of the market for compensation which may need to be paid for such a role.

Subsequently, the proposed remuneration has been approved by the Board.

The resolution seeks approval for the maximum amount of remuneration which may be payable. Beyond this limit, Shareholders would need to be approached again for prior approval.



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

Agenda Item 6:

Approval for Remuneration of Mr. Anant Kumar Daga (DIN: 07604184), Managing Director of the company

Mr. Anant Kumar Daga joined the Company in March 2010 as the Chief Executive Officer. His remuneration in FY 18-19 was Rs. 2.41 crores. Shareholder approval is being sought to increase the same to Rs. 2.69 crores for FY19-20.

Remuneration for Mr. Daga is recommended by the Nomination & Remuneration Committee, which is chaired by an Independent Director. The Committee has reviewed the market for compensation which may need to be paid for such a role and the contributions of Mr. Daga

Subsequently, the proposed remuneration has been approved by the Board.

The Company has always been run professionally with an entrepreneurial spirit. The Board of the company and the Shareholders have formulated and approved the ESOP schemes to recognize and enable the employees to be part of the growth story.

The exercise price of ESOPs were always fixed by the Board and the Shareholders, at a price at the time of grant, equal to or higher than the fair market value of the shares on the basis of a valuation report by independent valuation experts.

The Company's ESOP schemes were duly approved by the Board and Shareholders before the Initial Public offer of the Company. All details were fully disclosed in the IPO Prospectus filed with and approved by Securities Exchange Board of India.

As disclosed in the details of ESOP schemes in the IPO Prospectus and in the Annual Report for FY 19-20 also, no additional ESOPs are proposed to be granted to Mr. Daga out of the these schemes.

Agenda Items 7 to 9:

Ratification of Pre- IPO TCNS ESOP Scheme 2014-17

Ratification of Pre-IPO TCNS ESOP Scheme 2018-23

Ratification of resolutions passed by the company for grant of options more than 1% of the issued capital to specified employees under TCNS ESOP Scheme 2018-23

TCNS ESOP schemes 2014-17 and TCNS ESOP schemes 2018-23 were in place before the IPO of the Company. All details were fully disclosed in the IPO Prospectus. Out of the 11,782,500 options reserved under TCNS ESOP schemes 2014-17, 5,000 options remain ungranted as of March 31st 2019. Out of the 6,467,817 options under TCNS ESOP schemes 2018 -23, 1,395,066 options remain ungranted as of March 2019.

As required by the exchanges at the time of submission for listing approval and as per SEBI (LODR) Regulations 2015 and SEBI (SBEB) Regulations 2014, approval is sought from the existing shareholders post the listing of securities on the exchanges for ratification of the schemes in place to enable issue of ungranted ESOPs from the ESOP schemes.

For Options issued earlier, the exercise price of ESOPs were always fixed by the Board and Shareholders, at a price at the time of grant, equal to or higher than the fair market value of the shares, on the basis of a valuation report by independent valuation experts.

For any future grants, our Nomination & Remuneration Committee and the Board will be able to take into account the market price of the shares and appropriate incentivisation levels, for fixing the exercise price for the options.



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Note: The number of 23.6 mn ESOP options referred to in the report, seem to be referring to the number of options as originally issued. Our Equity shares were converted into shares of Rs. 2/- from Re. 1/- before the IPO, correspondingly halving the number of ESOP options.

Agenda Item 10:

Amendment in TCNS ESOP Scheme 2018-23

Under the TCNS ESOP Scheme 2018-23 as it stands currently, the un-granted options under "Other Employees Upfront ESOP pool" vest within one year of grant and at an exercise price of Rs. 373.26.

Approval of Shareholders is being sought to extend the vesting period up to 5 years to ensure better retention of employees and to authorise the Nomination & Remuneration Committee to revise the exercise price depending on the market price of shares and appropriate incentivisation.

We would like to mention to the investors and shareholders that the voting recommendations given by Proxy firms are as per their internal guidelines. We would like shareholders to consider the above mentioned clarifications on the various agenda items while exercising their vote.

We request you to take the same on record.

For TCNS Clothing Co. Limited


Piyush Asija

Company Secretary and Compliance Officer



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